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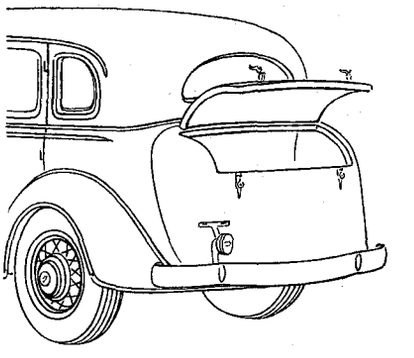

CHEVROLET Chevrolet proudly presents the new Sport Sedan as the most beautiful model ever built by any manufacturer of low-priced cars. On a long chassis embodying Chevrolet's combination of exclusive features—enclosed Knee-Action, an 80-mile-an-hour, 80-horsepower engine, cable-controlled brakes, and all the rest—is mounted a body that combines five-passenger capacity, exceptional luggage space, and more de luxe touches than we have space to tell about. If appearance and convenience come first with you, and you wish to stay in the low-price field—here, beyond a doubt, is *your* car.

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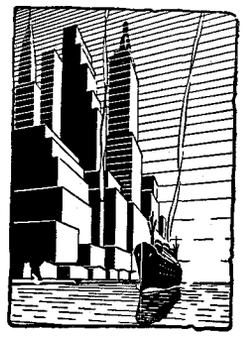
Occupations— Today and Tomorrow

By Berta Crone



OUTSIDE SALESMEN do more than merely sell commodities. They are the messengers of industry. They bring to our knowledge the fruits of new inventions, the results of creative effort, labor and the machine. They disseminate the evidence of man's material progress. Whatever we buy, or hope to buy, has been taught us by these broadcasters, as we may fitly call them.

In pioneer days the outside salesman was often a member of the firm. Or he was so close in ties of friendship and business interest to members of the firm as to be regarded as one of the official family. He did not travel long distances but sold to people nearby. Selling was then a matter of keeping in touch with one's friends and in keeping one's friends. The salesman was animated by much the same spirit as that which actuated the politician or the lawyer; mutual interest and mutual help. Personality and the spirit of friendliness counted most in making these contacts. With the advent of large-scale production, with the expansion of industry, the increase in competition, the discovery of modern methods of advertising, salesmanship inevitably changed its character. These new factors produced the commercial traveler, the "drummer," as he was called in the early days. Instead of being a method of establishing friendly relations with a prospective buyer, salesmanship developed into a system. The symbols of that system became production facts, the use of charts and graphs, a study of markets and of the buying habits of consumers, planned sales campaigns, division and development of territories, and careful observation of one's competitors. Selling soon became a matter of strategy, the outside salesmen serving as troops. Mass production required mass salesmanship and mass consumption. The consumer or buyer lost his identity and became a member of a vast army of people whose attention the salesman must secure long enough at least to be able to put his story over. Bound up with price, psychology, fashion, and the like, the story of the salesman has induced in the consumer what is known in selling circles as "sales resistance." To overcome this protective device the outside salesman is given the benefit of modern science, chiefly psychology. Thus, what during the one-man organization era was an art of selling is now a highly organized and complex system. In most organizations of any size there is now a "department of sales" under the direction of a vice-president. This department has several divisions, such as sales promotion, advertising, and sales, all of which are headed, as a rule, by salaried executives. The outside salesman is no longer a close friend of the president, the vice-presidents' or even the division heads'. He no longer enjoys the confidence of these men, and is more often an object of distrust until experience proves that he can sell his quota of merchandise.

But is the outside salesman unimportant economically? It is true that he does not enjoy the salary or the social prestige of the vice-president in charge of sales, of the advertising manager, the salesmanager, and the various other department-heads. But as the link between the factory and the buyer he holds a strategic position—he knows the buyers. Let us, for the sake of finding out more about the salesman, consider the manufacturer. Let us take as our example a manufacturer of hosiery. Almost everyone buys hosiery at some time or other. Style in hosiery does not vary much, usually only as regards seasonal color trends; it is quality that counts, and the firm's reputation. A man or group of men invest money in a factory to manufacture hosiery. They borrow money from the bank and sell stock in their corporation so as to obtain the necessary capital with which to buy equipment and employ labor. Hosiery is manufactured. Thousands of pairs for men, women, and children. Since

NEW OUTLOOK, July, 1934
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THE PROVING GROUND OF PUBLIC OPINION

"There is only one person qualified to say just what the motorist prefers, and that person is THE MOTORIST HIMSELF"

For many years past, General Motors has conducted consumer surveys as an important phase of its fact-finding activities, and, in keeping with the spirit and philosophy of the New Deal, such work is now being pursued even more aggressively than heretofore.

During the past year, well over 1,000,000 motorists, located in all sections of the country and owning all makes of cars—have been invited *"to pool their practical driving experience with the technical skill of General Motors Engineers and Production Experts."*

The readers of NEW OUTLOOK are especially invited to give us the benefit of their ideas, and in case you have not already received our booklet *"The Proving Ground of Public Opinion,"* we shall be glad to send you a copy.*

Of course it's really a questionnaire and its primary purpose is to gather information—but it is designed to appeal to those who usually ignore questionnaires. It has been the aim to make it interesting and informative and it may help to bring you up-to-date on recent developments in automotive design.

It is written in an informal telegraphic style, profusely illustrated—easy to read, and no writing is necessary unless you should feel the "urge." As a matter of fact, the answers can be checked off *with less effort than it takes to work a crossword puzzle.*

It gives you the opportunity to "cast your vote"—to tell General Motors the kind of automobile *you* would build—the features you want most in your next car!

Visit our Exhibit in the General Motors Building at the Century of Progress

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BUICK • LA SALLE • CADILLAC
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* *A 24-page booklet in which you are given the opportunity to "cast your vote" on 67 features of motor car design relating to dependability, economy, performance, safety, comfort, convenience, appearance, etc.*

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CUSTOMER RESEARCH STAFF NO
GENERAL MOTORS, DETROIT, MICH.

Without obligation, please send me a copy of your questionnaire "The Proving Ground of Public Opinion."

Name_____

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(There will be no sales follow-up)

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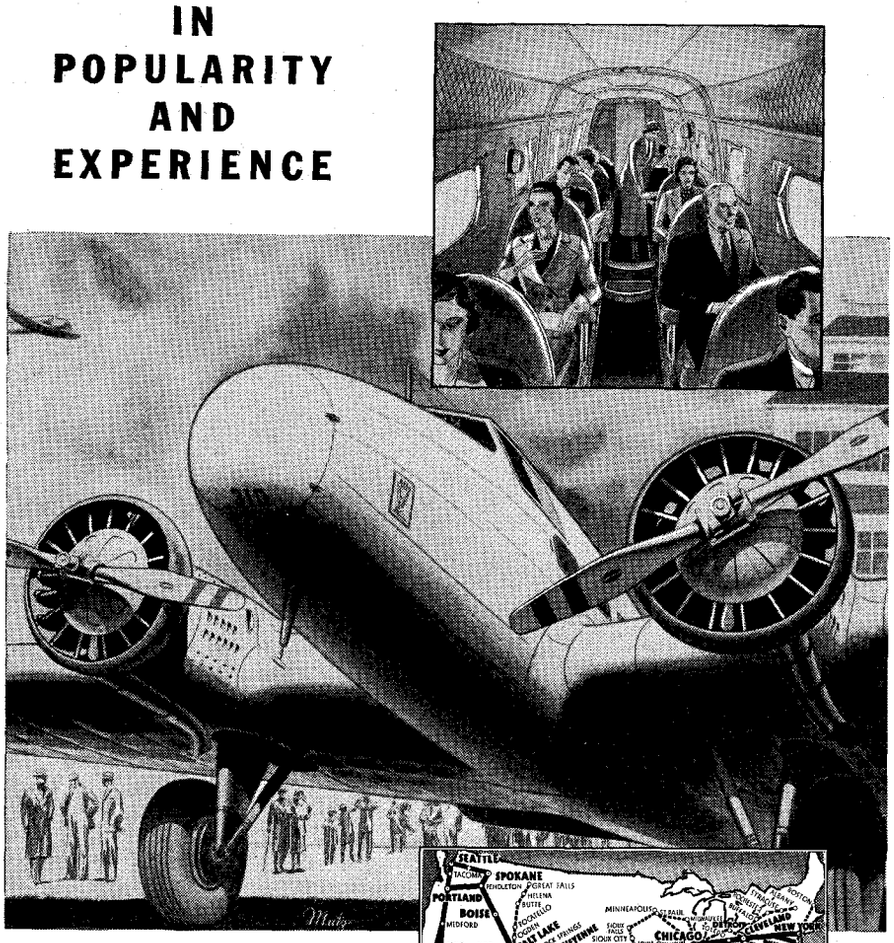

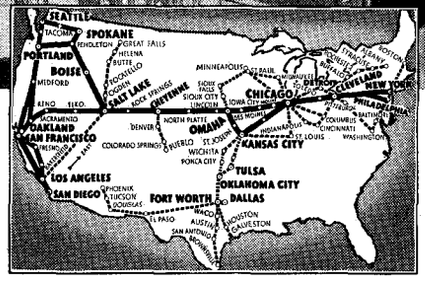

● United Air Lines three-mile-a-minute Wasp-powered Boeings come and go ... all day and night ... with clock-like regularity ... at world's record speed! The trip across the continent is made in 19 hours. *Chicago to New York or Philadelphia takes* only 5 hours.

This fast travel is in real comfort! Roomy cabins. Comfortable reclining chairs for rest or sleeping. Stewardess service.

The number of passengers carried by United Air Lines has grown from 12,936 in 1930 to 127,693 in 1933. This is the largest number of passengers ever carried in a single year by any air line in the world. It demonstrates the widespread appeal and popularity of this fast, comfortable, interesting mode of travel.

United leads the world in experience. Every known aid to avigation is utilized. Two-way radio communication. Directive radio beam. Lighted airways. Two transport pilots on every multi-motored plane. Expert ground staffs.

For schedules, tickets or reservations to cities in 17 states ... call United Air Lines ticket offices, Hotel Porters, Travel Bureaus, Postal or Western Union. Economical fares.

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3 flights daily each way

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Consult new United Air Lines time-table for schedule to intermediate and off-line points

Use Air Mail—Delivered First—Read First

UNITED AIR LINES

65,000,000 MILES FLYING EXPERIENCE

there are more than a hundred million people in the United States as well as foreign markets there are many legs to be covered. This hosiery must be sold, and it must be sold within a specified period, or the firm will lose money on its investment. Seasonally salesmen are sent forth—north, east, south, and west, to sell. Unless they sell a certain quantity the firm will be "in the red." Their success or failure determines the firm's destiny now just as it did in the pioneer era.

When people cannot afford to buy or will not buy, should the outside salesman be held accountable?

From a recent revelation of certain facts concerning the status of thousands of employed outside salesmen, it appears that industrial and commercial organizations are compelling their outside salesmen to assume an unfair proportion of risk in selling their merchandise. The National Council of Traveling Salesmen Associations, a federation of outside salesmen's associations representing many different kinds of commodities, through its President, Mr. Joseph H. Dryer, and special counsel, Mr. Samuel Untermyer of New York, and other spokesmen for the association, appeared before General Hugh S. Johnson and Deputy Administrators of the NRA to request that outside salesmen be represented with employers and labor in each industry. Their demand is supported by 900,000 members, 90 per cent of whom have been put on a commission basis since 1929. Their Executive Director and spokesman, Mr. Milton D. Lieber, informs me that before 1929 only 10 per cent of their members worked on per cent of their members worked on a straight commission basis, the other receiving either drawing accounts or guaranteed salaries and expense accounts. He states that they are not asking for a general code for outside salesmen, but for the right in each industry to discuss unfair trade practices as these affect the outside salesmen with employer and labor. They are not asking for minimum hours of work, but they are demanding a minimum salary. Minimum hours, Mr. Lieber affirms, would not be practicable for the outside salesman, but that minimum wages are an absolute necessity if the outside salesman is to perform his work efficiently. Mr. Lieber states that many of these employed outside salesmen are unable to earn more than $5 or $10 a week in commissions under present business conditions.

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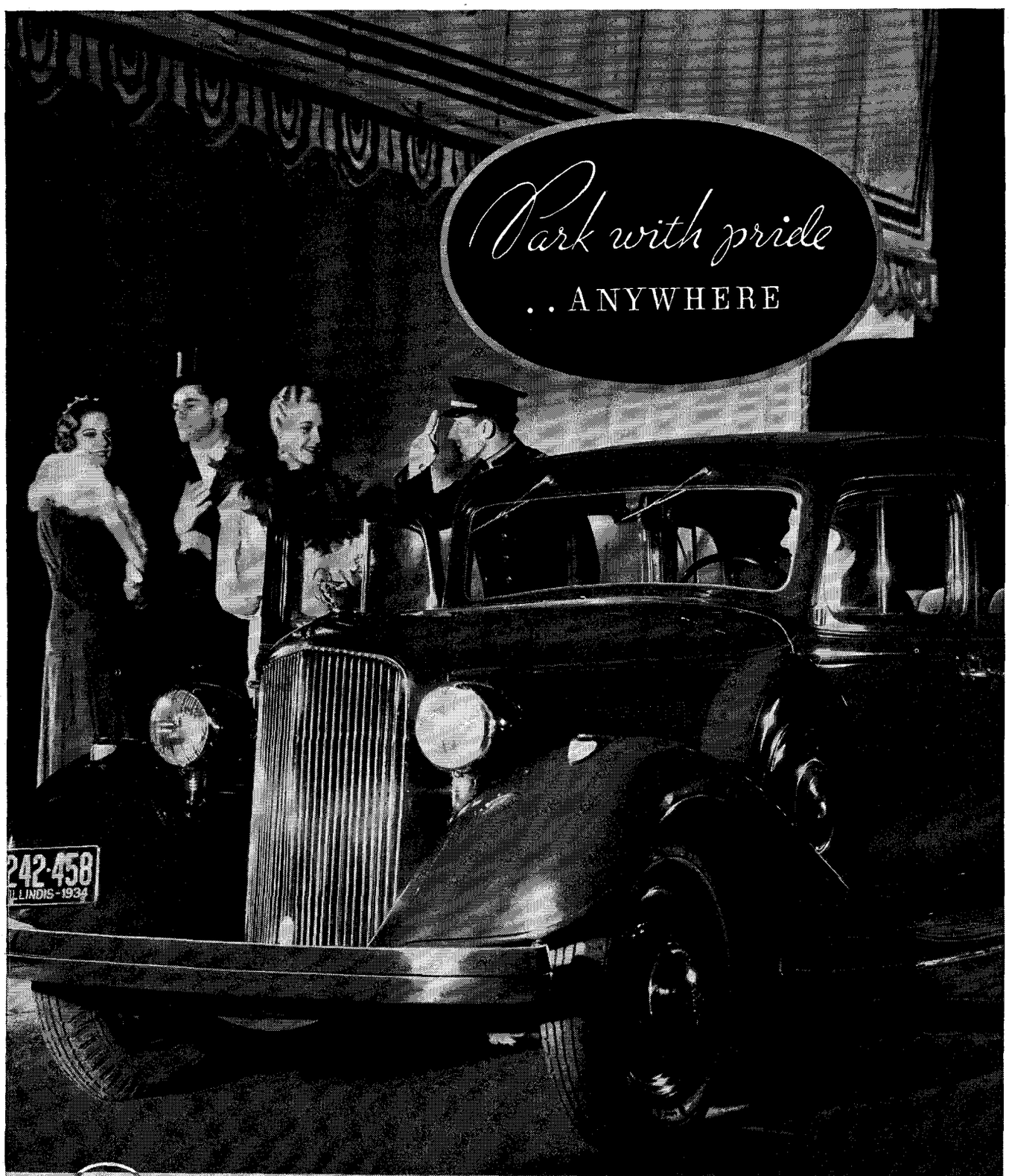

There's no more *beautiful* car in America than the new Pontiac Straight Eight . . . there's no *smoother* car . . . no car that is more *comfortable* . . . no car that is *easier to handle* . . . no car that has a *sturdier chassis* or *finer brakes.* That's what you will say when you drive a Pontiac. Pontiac is a big and *impressive* car . . . a car at home in *any* surroundings. Yet Pontiac *costs* but a few dollars more than the very lowest-priced cars.

List Prices at Pontiac, Michigan, $715 and up. Illustrated above, the 4-door sedan, $805. Bumpers, spare tires, metal tire covers tire locks, spring covers and trunk rack, $77.50 additional.

PONTIAC

THE ECONOMY STRAIGHT EIGHT

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ORGANIZED TO SERVE YOU WELL

SEVEN hundred and fifty thousand people own the Bell System. Two hundred and seventy-five thousand operate it. Everybody uses it.

The Bell System is devoted to the task of giving to the American people the best possible telephone service at the lowest cost consistent with financial safety.

It is a big system for it serves a big country.

It is one organic whole—research, engineering, manufacture, supply and operation. It is a highly developed organism in which all functions serve to make possible a nation-wide, interconnected service.

In the conduct of the business, responsibility is decentralized so that the man on the spot can act rapidly and effectively.

At the same time, from company or system headquarters, he is within instant reach of skillful advice and assistance as well as material and supplies.

The Bell System means one policy, one system, universal service—operating for your needs with skill, speed and courtesy.

BELL TELEPHONE SYSTEM

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NEW OUTLOOK

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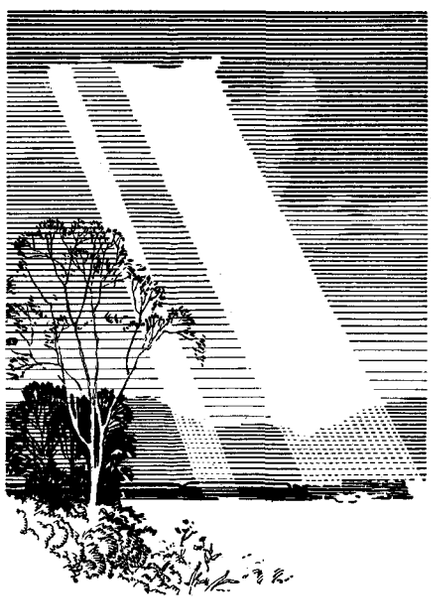
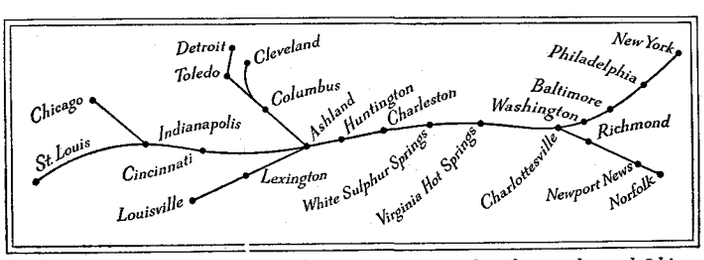


FRESH as the Air
After a Spring Rain

On The Finest
Fleet of AIR-CONDITIONED *Trains*
in the World

THE GEORGE WASHINGTON
THE SPORTSMAN • THE F. F. V.



The ticket agent of any railroad can route you on the Chesapeake and Ohio. INSIST UPON IT!

George Washington's Railroad
CHESAPEAKE and OHIO Lines
Original Predecessor Company Founded by George Washington in 1784

In many instances the employer expects them to own and operate a car and to pay their own expenses while selling or trying to sell. Under these conditions many men are beaten before they approach the prospective customer. In discussing the demand for a minimum wage for outside salesmen, Mr. Lieber reminds us that the outside salesman is a traveler and a spender. Whatever he receives in wages is spent as he goes and not deposited in the nearest savings bank. He is on the road, not sitting in an office or a factory, and he is expected to keep his personal appearance up to a standard which reflects a certain amount of credit on the firm he represents, and to please the public he is obliged to meet.

Some employers are, of course, opposed to giving outside salesmen a minimum salary; they assert that on this basis thousands of men will have to be discharged. Mr. Lieber's facts and those which I have obtained from private talks with unorganized outside salesmen show that they might just as well be discharged, for they have a job in name only. Other employers and their representatives with whom I have discussed the question of "commission versus salary" say: "Well, if the outside salesman is any good he'll make the equivalent and more than a minimum salary. No really good salesman wants to work on a salary basis." I wonder if these men could tell us how people may be induced to buy when they have not the money or are afraid to spend what they have. As for rating outside salesmen as "good" or "bad" under the conditions which have prevailed and still prevail, I do not see how that can be done, either. I have talked with men whose rating as outside salesmen is above reproach, as is evidenced by the positions they now hold, and they tell me much the same story that these other outside salesmen tell. Many of them are able to make sales only by resorting to a subtle kind of bribery, or they perform services for their customers which are completely out of line with their business in order to win their gratitude and through it their trade.

I doubt whether there is a field of endeavor where working conditions are worse and which needs to be thoroughly investigated more than outside sales work. Is there any field of work, even in the notorious sweatshops, where people are asked to work for

(*Continued on page* 58)

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NEW OUTLOOK

The Gold Road to Recovery

By Ambrose W. Benkert*

AT luncheon in Buenos Aires in the summer of 1931, the head of one of the largest banks in the Argentine said to the writer, "Unless you follow our example, the United States will be in the throes of a depression for a decade, and your country will face grave possibilities of a revolution." Eighteen months before, his government, with a gold reserve of approximately seventy-eight per cent of outstanding circulation, had deliberately suspended gold payments and brought about a reduction of fifty per cent in the gold value of the Argentine peso. He then proceeded to outline the steps taken to arrest the decline in the peso price level of Argentina's principal products, wheat, corn, wool, meat and hides, and to bring the prices of these products back into equilibrium with local taxes, with debt burdens, with freight rates, with utility rates and other fixed charges. In the Argentine, as here, fixed charges had not been reduced when basic commodities started on the toboggan in 1929 which was to carry them down 54 per cent in 41 months—a price decline unprecedented in the recorded annals of history.

It is vitally significant that their measures succeeded. Economic revolution was avoided. The wave of bankruptcies, foreclosures, evictions, wage reductions, bank failures, suicides and other deflationary disasters such as we experienced, did not even reach their shores. They enjoyed comparative prosperity in a world engulfed in depression. And all this without any alphabetical schemes of price control, processing taxes, curtailment of production or governmental regimentation.

The success which attended the prompt, far-sighted action of the Argentine led me to examine the policies adopted by other leading nations to combat the Depression. From books, pamphlets, magazine and press articles, and from the lips of returning travelers, I was made aware of the marked recovery in Japan—a recovery bordering on a boom. An examination of the causes brought to light the same measures followed by the Argentine. In Japan, however, they were initiated almost two years later, in November 1931 to be exact, with materially greater scientific precision, broader amplitude, and a clear-cut, prompt, adequate follow-through to the attainment of logically planned objectives—and this despite the enormous burden of a simultaneously enlarged military organization.

During the summer and fall of 1930, tales of panic and despair were borne to me from Australia. Low and constantly declining prices for wool and mutton, grains and beef and hides, aggravated the situation while fixed charges remained where they had been when the prices of these commodities were twice and thrice as high.

*See Author's Note.—Page 60.

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Mortgages were being foreclosed. Formerly wealthy ranchers were being hired to manage properties they had owned and lost. Properties were being transferred to creditors. The courts were clogged with bankruptcies and foreclosures, and grave apprehension caused Australian bonds to sell on the world exchanges at 30 cents on the dollar.

And, then, a metamorphosis—the leading economists, financiers and statesmen united on a program to restore price equilibrium, a fair equitable price level between fixed charges and commodities. Precisely the same course was taken as had succeeded in the Argentine, but with the addition of two nationwide measures, namely, three successive wage reductions of 10 per cent each and a 22½ per cent cut in fixed charges, all of which was ordered by the Australian government, which could act quickly because it was unhampered by the restrictions of a written constitution or any provisions preventing the impairment by the government of contractual obligations.

Australia now has not only a balanced budget but it also enjoys a surplus. Trade has revived, the government's credit internally and abroad has been improved, and marked prosperity has resulted.

●

The dire position of England was manifested on that memorable day in September 1931, when this bulwark of economic strength abandoned specie payments in gold with reverberations heard round the world. Her recovery since has been phenomenal. Today the index, compiled by the *"London Economist,"* shows that business activity in England has risen to within 2 per cent of the highest figure reached in 1929. Her steel industry is operating at the highest level since that year, while her motor, chemical, capital equipment and building industries have evidenced remarkable improvement.

The comparatively quick recovery in these countries was brought about without any governmental attempts to control prices, curtail production, or to regiment individual activity and enterprise. In each of these countries, recovery has been due primarily to a restoration of the prices of basic commodities, in local currencies, to the levels prevailing when tax rates, debt burden and other fixed charges were generally established. Thus producers of commodities were enabled to meet fixed charges with less of their products, and to use the balance in exchange for the products of commerce and industry and the arts.

It is axiomatic that, in the last analysis, business is barter, and price merely expresses the barter exchange relationship between goods and services. When prices are relatively fair, barter takes place to the maximum in any given country and prosperity results. And the more self-contained the country, the greater the prosperity, for in every nation the preponderance of business represents an interchange between residents. These were the concepts that formed the foundation for the recovery policies in these countries. The logical question then followed—how restore commodity prices—in pesos, in yen, in shillings. For the taxes, the debts, the freight rates, the rents, were all payable in pesos, in yen, in shillings. But these, in turn, in each country were issued against gold. In the Argentine, an ounce of gold at the mint exchanged for 22.6 pesos; in Japan, for 41.2 yen; in England, for 85 shillings. And so, for example, a quantity of wool worth 22.6 pesos in Buenos Aires commanded 41 yen in Japan and 85 shillings in Australia, shipping costs and tariffs excluded. The price of wool, then, is really a gold price, and because wool is universally standardized as to quality and grade, wool commands the same gold price in every market in the world. It is apparent, therefore, that the shilling price of wool in Australia depends upon the shilling price for gold at the mint in Australia.

●

It is important to note that the price of wool in any country has no relation to the amount of gold in that country. The price is the same in Germany, which has practically no gold, as in the United States, which has approximately 40 per cent of the world's gold. Also, the price of wool has no relation to a balanced national budget. The price is the same in England, with a balanced budget, as it is in the United States, where the budget is not balanced. The price in any country depends solely upon the gold value of wool, that is, the amount of gold for which a given quantity of wool will exchange and the amount of currency issued against that same quantity of gold. Likewise, credit operations in any country cannot effectively change the world gold price of any basic commodity. That is why all the Hoover policies for credit expansion failed so completely.

It readily can be seen, therefore, that the Australian government could change the shilling price of wool by changing the shilling price for gold, and this is precisely what it did. It changed the price from 84.95 shillings an ounce to such higher prices as were necessary to balance with commodity prices. Currently, the Australian price for an ounce of gold is approximately 175 shillings.

While this action did not change the world gold price of wool, it increased the shilling price and restored the Australian producer to solvency.

●

As in the case of wool, there are about fifty other basic commodities so universally standardized as to quality and grade that they command the same gold price in every market of the world, subject only to shipping charges, tariffs and other trade restrictions. These comprise the leading metals, grains, fuels, foods and fibres such as copper, wheat, oil, sugar and cotton. They are the raw materials supplying man's primary necessities.

When any nation reprices gold, the price of these commodities in the currency of that nation immediately is changed by a corresponding amount.

This fundamental law of prices demonstrated itself in the experience of the United States on and after April 19, 1933, on which date we suspended gold specie payments externally and, in effect, repriced gold higher. Prices for basic commodities rose immediately and fluctuated from day to day, but advanced steadily with the advancing price of gold in an effectively proportionate ratio.

From April, 1933, to February, 1934, the dollar price of gold was advanced 69 per cent, that is, from $20.67 to $35 per ounce. In the same period, the average dollar

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price of these basic commodities rose 67 per cent. This price rise has brought about the improved conditions we have since enjoyed, aided slightly by government expenditures for public works, but retarded by government regimentation. Yet, despite this rise of 67 per cent, the dollar price of these commodities is still 32 per cent below the dollar price for them which prevailed when existing fixed charges were created. This is why business is still far from complete recovery.

What then remains to be done? Is it not obvious that the dollar price of gold should be advanced immediately by an amount sufficient to raise the dollar price of these commodities to par with the fixed charges? At current world gold prices for these commodities, this would call for repricing gold at approximately $51 per ounce.

It is fundamentally important to note that the gold price of commodities is beyond the control of any nation. The gold price of basic commodities depends on the inexorable law of supply and demand. Sovereign powers, however, can change currency price of these commodities at will and thus create any internal price level they desire.

In contrast with basic commodities, which enjoy uniform, world-wide markets and prices, those commodities with local markets, such as vegetables, other perishables, also semi-processed and manufactured goods, real estate and service charges, do not immediately reflect changes in the price of gold. Because of this fact, critics have been saying that gold repricing hasn't worked. They fail to understand that there is a time lag of days or months or years before such classes of values align themselves into fair price ratio with basic commodities. But, align themselves they always do, because basic commodities supply the primary necessities of existence and form the basis of the products of civilization. Of necessity, then, the price level of basic commodities in any country eventually determines the entire price level of that country.

Many have said that changing the dollar price of gold will not affect our commodity price level. An extreme example will serve to demonstrate the fallacy of such belief. Suppose the government authorized the mint to print and pay out one billion dollars for each grain of gold presented. If, as the critics say, dollar prices for commodities would not rise as a result of repricing gold, any individual with a *golden* smile could buy the entire wheat crop of the country with the gold in his teeth. Is it not therefore evident that the dollar price of gold will effectively determine the price level of the United States so long as dollars are issued against gold and gold is accepted without limit by the government? Such measures can *control* the price level.

A study of comparative price movements of basic commodities and all other products indicates that there is a variable time lag ranging from months to several years to complete the price adjustment. Price movements during and after the World War illustrate the working of this law. Basic commodities were the first to rise in price after war was declared. As the new price changes continued, locally produced commodities, semi-processed and manufactured goods, labor, property values and service charges in their turn advanced until finally, by the summer of 1922, they were in balance.

This equilibrium survived until 1929, the 1926 level being the average for the period. During these years prices averaged approximately 50 per cent above the average for 1913, the last preceding period when prices were in balance. Beginning in 1929, a reversal in price movements developed and basic commodities entered into a decline of unprecedented proportions. Concurrently with the falling price level for basic commodities, the law of price alignment began to assert itself. Local commodities, semi-processed and manufactured goods, labor, property values and service charges, in their turn, followed the decline with a time lag.

This disparity in price levels caused the Depression; curing this disparity is the right way out. In no other way can recovery take place.

The Administration, through its monetary policy, has led the nation part of the way on the road to recovery, but it must not stop there, it must complete the journey. Had we increased the dollar price of gold adequately as the gold value of commodities fell, our general price level would have remained in balance, and deflation would not have occurred. The way to recovery, therefore, is to restore balanced price levels.

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The Administration's monetary policy has unnecessarily alarmed a large part of the population who fail to understand what it is all about, and it has aroused the caustic criticism of some prominent men who apparently have not thought the subject through. This is not a party matter; it is bigger than the Administration or any party because it concerns the welfare of the American people, not only currently but also for all time.

Few appear to realize that in formulating and carrying on its monetary policy, the Administration has been obeying a constitutional duty. The Federal Constitution expressly confers upon Congress the right and obligation "to coin money and regulate the value thereof." Since 1837, when Congress established the price of gold in terms of the dollar as $20.67 per ounce, no succeeding Congress has exercised this right or lived up to this obligation, with the result that we have had panics and depressions, all of which could have been averted by repricing gold in terms of the dollar as necessity arose. As already has been noted, had the dollar price of gold been increased in proportion as the gold value of commodities fell, our general price level would have remained constant and periods of deflation would not have taken place. Conversely, in "boom" times, a decrease in the dollar price of gold would have held the gold value of commodities to a normal level. As it was, the static price of gold naturally tended to throw the economic structure of the nation out of alignment whenever commodity prices rose above or fell below a normal level. The law of supply and demand, by its very essence, works in harmony with the balancing process which results from repricing gold in direct proportion to the rising or falling prices of basic commodities, but the law of supply and demand, by reason of its inexorable nature, is at odds with a static price for gold when measured in terms of currency.

"Hard money" men, reactionary bankers and blind political leaders alarmed a large part of our population with dire predictions of calamity if we "went off the gold standard"—the popular expression for suspension of gold payments. These main predictions may be summarized as follows:

1. It would lead to uncontrolled inflation and eventual bankruptcy of the nation.

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2. It would ruin the credit of the government.

3. It would fail to raise prices, and because it tampered with the currency it would undermine confidence in the stability of our present monetary system and prevent recovery.

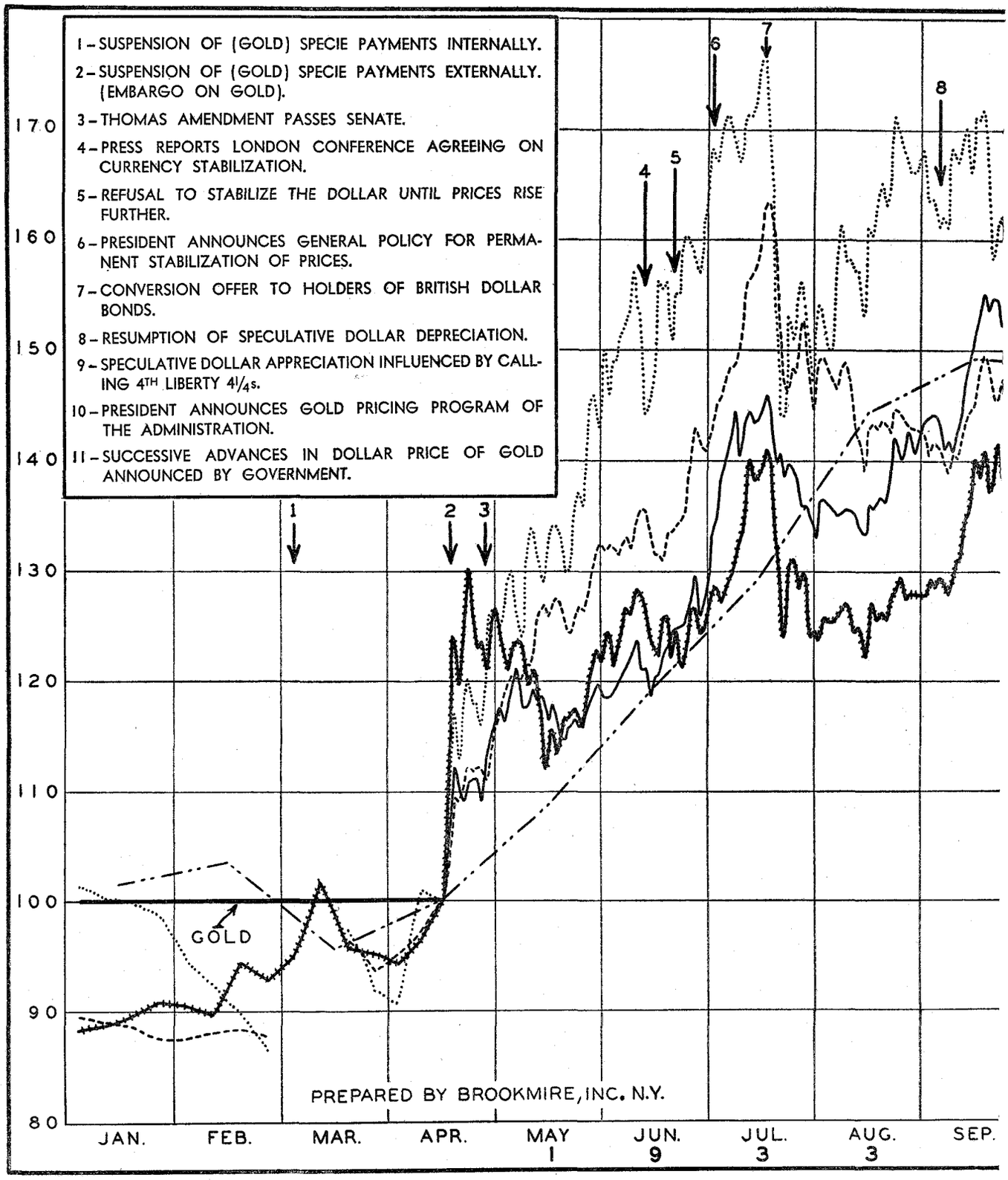
4. It would invoke competitive international currency depreciation and thus lead to disaster.

5. It would produce such price uncertainties as to paralyze business.

6. It was immoral because the government violated its contracts with the holders of its bonds and currency.

Sixteen months have elapsed since we "went off gold," but none of these predictions have materialized. Nor has anything like what they predicted happened in over thirty other nations off gold.

The opinion that currency devaluation impairs government credit has been shown to be completely unfounded by a recent study. This study takes in the results of such action in six typical major countries of the world and includes for comparison the United States. In each instance, the internal price trend of gold and of government bond prices has been charted in parallel for the past four years. The comparison is most significant, in that without exception it indicates that respective government credits, as


1 – SUSPENSION OF (GOLD) SPECIE PAYMENTS INTERNALLY.
2 – SUSPENSION OF (GOLD) SPECIE PAYMENTS EXTERNALLY. (EMBARGO ON GOLD).
3 – THOMAS AMENDMENT PASSES SENATE.
4 – PRESS REPORTS LONDON CONFERENCE AGREEING ON CURRENCY STABILIZATION.
5 – REFUSAL TO STABILIZE THE DOLLAR UNTIL PRICES RISE FURTHER.
6 – PRESIDENT ANNOUNCES GENERAL POLICY FOR PERMANENT STABILIZATION OF PRICES.
7 – CONVERSION OFFER TO HOLDERS OF BRITISH DOLLAR BONDS.
8 – RESUMPTION OF SPECULATIVE DOLLAR DEPRECIATION.
9 – SPECULATIVE DOLLAR APPRECIATION INFLUENCED BY CALLING 4TH LIBERTY 4¼s.
10 – PRESIDENT ANNOUNCES GOLD PRICING PROGRAM OF THE ADMINISTRATION.
11 – SUCCESSIVE ADVANCES IN DOLLAR PRICE OF GOLD ANNOUNCED BY GOVERNMENT.
170
160
150
140
130
120
110
100
90
80
GOLD
PREPARED BY BROOKMIRE, INC. N.Y.
JAN.
FEB.
MAR.
APR.
MAY 1
JUN. 9
JUL. 3
AUG. 3
SEP.

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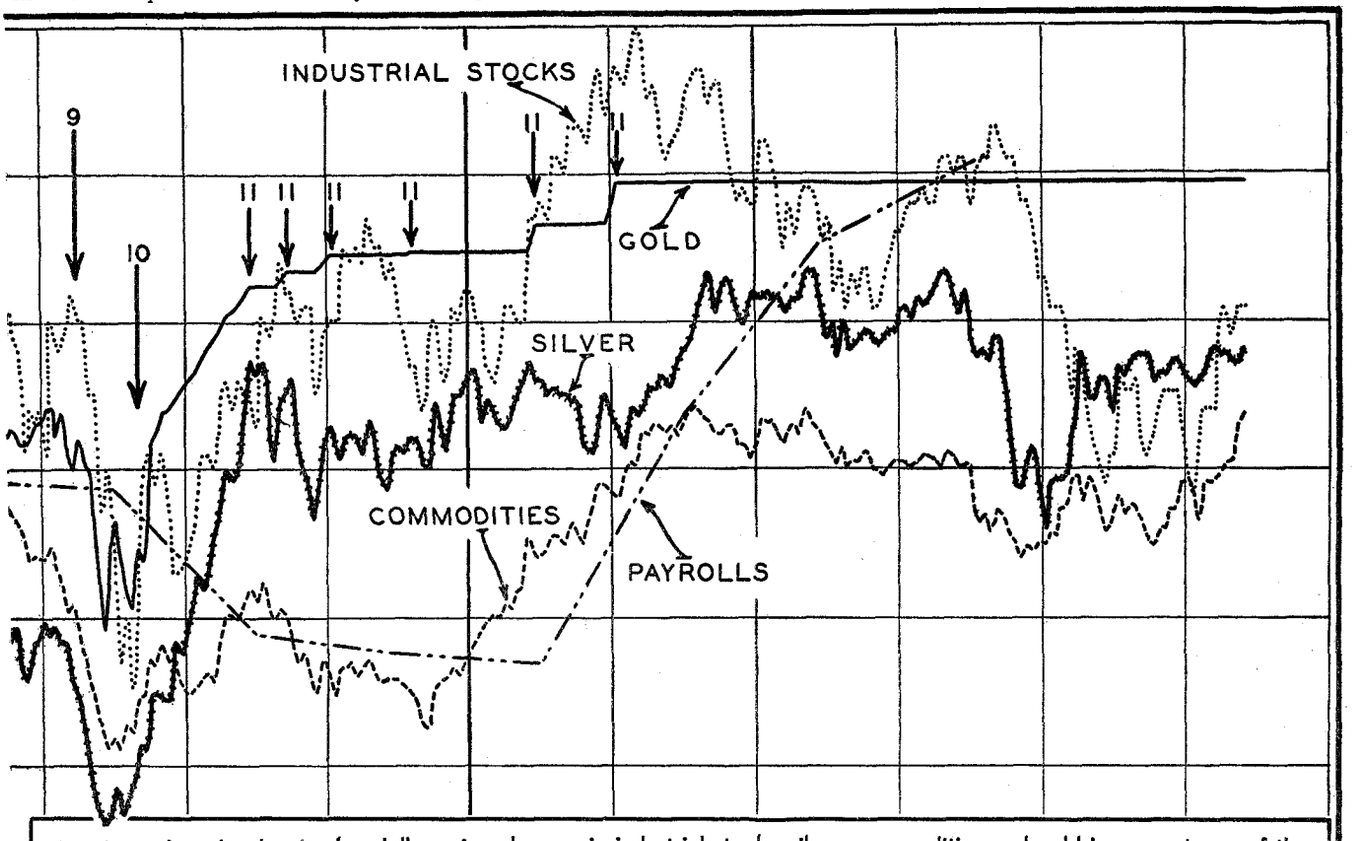
gauged by the market for their bonds, were not adversely affected. The study further shows that notwithstanding tremendously adverse economic conditions, prices of government bonds in four of the five countries have shown an upward trend since the gold standard was abandoned and in the fifth prices have recently risen to par.



This chart plots the day to day dollar price-changes in industrial stocks, silver, commodities and gold in percentages of the prices prevailing for each on the 19th of April, 1933. This day was chosen because there was no effective change in the dollar price of gold until then—the day when the government embargoed the shipment of gold abroad and abandoned all attempts to maintain the dollar at par of exchange. The extent of dollar depreciation measured the dollar price of gold from April 19th until October 25, 1933, when the government itself first announced the dollar price of gold. Subsequent changes were made by government mandate.

The stocks represented on this chart consist of the thirty issues comprising the Dow-Jones Industrial Averages.

The commodity line portrays the Moody Index based on the prices of 15 commodities weighted as follows: Wheat 13; Cotton 13; Hogs 13; Steel Scrap 10; Sugar 10; Wool 7; Copper 5; Hides 5; Corn 4; Rubber 4; Silk 4; Coffee 4; Lead 3; Silver 3; Cocoa 2.

The silver line reflects the price movements in spot silver.

The payrolls are plotted from the reports of the Federal Reserve Board, at Washington, based upon data supplied to the Board by the U. S. Bureau of Labor Statistics.

The legend lists in chronological order the major events directly affecting the depreciation of the dollar, (the changing gold value of the dollar) and the numbered arrows indicate the time when these events took place.

Those who have investigated the records of the nations which have repriced gold in terms of their own currencies agree that such a policy does not lead to uncontrolled inflation and

1. The reflation of commodity prices to the average level prevailing when the bulk of fixed charges, such as taxes, debt burdens, transportation, utility rates, etc., was created, immediately helps more people than it harms and ultimately helps most of those whom it has temporarily harmed.

2. That such reflation gives buying power to millions of producers of staple commodities, who do not work for wages, by increasing the price level of what they produce, so that they can again meet fixed charges and buy the products of industry.

3. That the dollar values of equities (stocks, real estate) and of bonds selling at substantial discounts are increased as the earnings of corporations and tax collections of municipalities improve. High grade bonds selling near

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par continue to be worth what their relative investment position justifies.

4. That reflection through increasing the price of gold reduces moderately the purchasing power of the wages of those fortunate enough to be receiving wages upon its inauguration, but through greatly increased business activity, it prepares the way for increasing those wages and for the much more important phase of giving work to the millions of unfortunates who, through unemployment, were receiving no wages whatsoever.

5. That it helps all those whose living is dependent on the average holdings of securities and real estate, due to a cessation of widespread bankruptcy with its resultant defaults on bonds, mortgages, passing of dividends and general default on debtor obligations.

6. That it preserves in whole or in part the lifelong savings of depositors in savings banks and holders and beneficiaries of all insurance policies, especially life insurance policies, owing to a cessation in defaults on the part of those debtors in whose obligations such fiscal institutions have invested their depoitors' or policy holders' funds.

7. That for the same reasons it preserves the resources of colleges, universities, hospitals, charities and other indispensable institutions whose service to the public depends on fixed incomes.

The adoption of a program of reflation by suspension of gold payments and the repricing of gold upward by the government, thereby reducing the actual gold value of the dollar, has these results:

Prices of staple commodities advance. Individual wages lag behind rising commodity prices, but the aggregate wage paid through the re-hiring of unemployed workers is greatly increased. Employment rises and industry finds increased activity. Purchasing power of the dollar to meet fixed charges (taxes, interest, etc.) is not reduced. General living expenses are not materially increased. The danger of widespread bankruptcy of the nation's business is removed. Citizens of the country find their lot materially improved.

Two great truths have emerged from the bitter experiences of the past four years:

First—Our price structure, and therefore our economic well-being, has been solely dependent on the fluctuating value of a single commodity, gold.

Second—This price structure can be kept in balance for all time by scientific repricing of gold.

Prices control all human economic relationships, connote wealth or misery—contentment or despair. Assurance of continuous equilibrium in the price structure would inaugurate a permanent prosperity unparalleled in the history of mankind and would constitute a major milestone in the advance of civilization.

No Mussolini, no Hitler, no Stalin, no regimentation is required.

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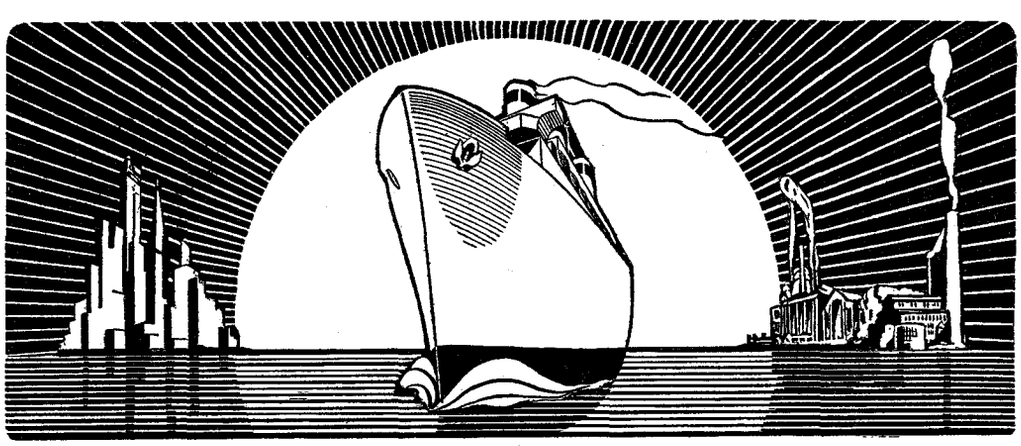
In the August issue of* NEW OUTLOOK, *Mr. Benkert will discuss the effect of recovery via monetary reform on investment policies.



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Your Insurance: 'Thar She Blows!

America is rapidly approaching a major crisis over her casualty and indemnity insurance business. Refusal of government to face squarely the issue, to recognize and appreciate the danger, and the fallacies of proposed emergency panaceas are examined in this article.

By James K. James

THE price which we paid for a decade of incompetence, stupidity, reckless arrogance and downright chicanery in our banking structure was 10,000 bank failures, suicides by the score, the dissipation of the life savings of thousands of individuals and families, and as many uncounted bankruptcies, the whole mess, not even yet completely straightened out, ending in the debacle of a general bank holiday. This be it remembered, always to America's everlasting shame, occurred wholly within a period when a single bank failure was an unheard of event in the rest of the English-speaking world.

And now a similar bill—and the postman will ring until you answer—is about to be presented for our spree in the insurance field—exclusive of life. The price will be disastrously stiff. The manner in which we will meet it, the method by which the inevitable reckoning will be made, will be one of our larger headaches of the next dawn. Only fools (at the moment) will call it a minor problem.

Let us say at the start that it might, of course, be worse. That should be said for the consolation of those who believe that there should be a special god of mercy to intervene on behalf of standard American arrogance and egotism, remembering that we did take a Jehovah-like licking for the mistake which we made of trying to be bankers. There seemed to be enough retribution in that particular pay-off to serve for more than one sin. Unfortunately in a just world that does not appear to be how things are run. Each error—each little sin, must be paid for separately. We can't lump the bills. The receiver is not that merciful. Yet those who are becoming plumb discouraged and disgusted with the ability of Americans to bank for themselves and now to insure themselves have that poor consolation that it might be worse. They also have the proof that the American business child—and in so many ways he is little more than that—once sufficiently and badly enough burned—does learn.

It is for that simple reason that the largest and most vital portion of our insurance structure holds strong while the rest of the house topples in upon us. We were not always masters, certainly not natural masters, in the highly important and intricate business of life insurance. But a lesson which we learned about this, at the price of a national scandal, a score of years ago has not been forgotten. Since that bitter day of investigation and reckoning we have kept our life insurance house in order. With only one or two weaknesses showing, life insurance has proved one of the principal bulwarks of economic safety during the long, hard blow of the Depression. We can learn.

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Perhaps we will learn something of the science of fire, burglary, workmen's compensation and all varieties of casualty insurance in the storm which is just now beginning to flatten this structure to the ground. We will learn nothing if we proceed in a blind faith of keeping our fingers crossed. We will learn nothing if we simply believe that we have been taught our lesson, the only one which we need, in the bank debacle. We will benefit almost not at all from the emergency slamming of safety doors in legislative halls which has been going on all over the country this spring in a flood of hastily conceived and hastily drawn amendments to insurance acts. Above all we will learn nothing by the "hear no evil, speak no evil" route which seeks to place the rickety and rotten portion of our insurance structure on the same high moral plane of a woman's fair name where its honor and integrity are not to be mentioned anywhere this side of the bankruptcy courts.

There are some, no doubt, who would prefer to believe, prefer too to have others believe, that there is nothing really seriously wrong in the insurance field, and the field as that term is being used here, of course, is always exclusive of that of life insurance. Well, in one state alone twenty out of forty-nine casualty companies have gone out of business since 1927. In one company collapse, which has just occurred, more than two billion dollars were at stake.

There is an analogy between what befell in banking and what is now occurring to the casualty, indemnity and allied insurance businesses. It has an instructive purpose and value, but it can be overworked. Using it as a yardstick throughout may do a rank injustice to the honest and sincere men in insurance work by intimating a comparison with the second rate brigands who operated as first class bankers in the golden 20's. There are some so-called experts who are even now recommending that the same doubtful panaceas used to cure our ailing bank structure should be employed to save the insurance business. One of these proposals is for Federal and state insurance of the policies

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of the insured. Oddly enough, many victims of unsound insurance companies have long believed that because we have state insurance superintendency of a sort that this has always been the case. Far from it. The attempt at wholesale rescue of weak and rickety and unsound insurance companies by the R.F.C. is gradually putting the Federal government into the insurance business as it has gone by the same route into the banking business.

Some persons will resent the claim of any analogy between our banking fiasco and our current insurance mess on the grounds that the comparison demeans the size and the grandeur of that former tragedy. That of course must remain always a matter of personal viewpoint. Certain facts, however, may speak for themselves. There is no law which requires a man to save, and to place his savings in the hands of a banker. We teach thrift in our schools—thereafter let those who learned the lesson well beware. There is no law which requires the driver of an automobile for private use to carry insurance. But the power of the law can show its force in this situation in another way. If the driver of the automobile through any circumstance whatever causes damage or injury, the law promptly forces him to pay. If he is without indemnifying insurance the law has made him the worst kind of gambler. If he has been paying an insurance company for just such protection and the insurance company is neither willing nor able (or both) to pay when he becomes liable the law in a measure, certainly, has forced him into a role of being a customer for services which he has paid for, but which he never receives. The law does nothing about his insurance, then, nothing against the insuring company. It merely reiterates his liability, and forces him to go on paying for it out of whatever income he may have, for the rest of his natural life if need be. The victim of the closed bank has, after all, merely lost his unspent income up to the date of his last deposit—nothing more.

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There can be no quibbling over this point: most of the States of the Union have not been meeting their responsibility toward their citizens in regard to the class of insurance here under discussion. If we make an honest search for the causes of this deplorable situation we find the analogy with what happened to our banks still holding good. For we must recognize that there was a day—and it was a long one—in which the view was popularly held and officially condoned that anyone could be a banker. In many small communities of the land it was the next step up socially and financially from General Merchandise, or Feed and Grain—previous experience unnecessary. There were, of course, a few minor financial details, but most of these could be met with a big-hearted giving and taking of personal notes. . . . And so the banks blew up!

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In the insurance business the sole requirements to become an "insurance company" is ability to deposit a cheque with the state superintendent of insurance. The amount varies from state to state, from $100,000 to $300,000. When one of the largest southern insurance companies in which Senator (the Kingfish) Huey P. Long was interested went to the wall the only tangible asset which could be found in a sea of liabilities was the $200,000 deposit cheque for the company held in fee by the New York State Superintendent of Insurance. The real value of such deposits are certainly questionable. They are untouchable in so far as the claims of the individual insured are concerned. They are misleading. They are poor guarantees of honest management because all that the intentional fly-by-night company needs to do to make a profit is to write policies and garner premiums in excess of that amount, close up shop, and the insured may whistle until the cows come home. And just such procedure has been followed more than once.

There is no doubt that as in the case of banking even our duly elected public officials saw no reason why special ability was necessary to sound insurance. And even less has been the appreciation in the official mind for expert superintendency of this highly specialized work.

George S. Van Schaick became Superintendent of Insurance for New York State in March, 1931. He testified in hearings held this spring before George W. Alger, Moreland Act Commissioner, that when President Franklin D. Roosevelt, then Governor of New York State, asked him to take the post he protested saying that he had no training in insurance.

"But he waved my protests aside," Mr. Van Schaick testified. "He said that there were experts in the department to do the expert work, but that he needed an administrator."

Mr. Van Schaick's subsequent trials and tribulations as a self-confessed non-expert insurance superintendent are highly revealing. In an extremely short time Mr. Van Schaick discovered that the existing "expert aid" promised him was totally inadequate to the production of sound insurance superintendency. He found that less than four per cent of the revenues going into the state coffers from insurance on tax business was being used for state supervision of tax companies. A survey by the insurance departments of the various states made by the Chamber of Commerce of the United States of special state insurance taxes collected in the United States during the eleven years, 1921 to 1932, shows total collections of $893,977,007 and that during that time total expenditures of the state insurance departments were $37,617,641, leaving $858,-379,366 which were grabbed for other purposes. Mr. Van Schaick states that he repeatedly went in vain before the legislature for additional appropriations, and that finally in order to hire the expert aid which he believed necessary he had to borrow $10,000 on his personal note to pay for such services.

How far from ideal is state superintendency of insurance—superintendency of a kind which will assure a degree of safety to the insured when it will mean something is indicated in these words of Mr. Van Schaick, "The need of strengthening examinations is indicated whenever a company is taken over for liquidation or rehabilitation. Every time that a company is taken over by the department *there is presented the opportunity to the department to make an examination of the financial condition and practices far more exhaustive than the type of examination now conducted in the case of going companies.*" (The italics

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are all ours; and if you want to pay premiums to a bankrupt company the state can provide you with the real information!)

No, we must speak frankly and without fear: American insurance today is a structure built on petty graft, petty politics, poor supervision and the wrong kind of control.

First, it should be made quite clear what is meant by the wrong kind of control. No state insurance bureau has the power to say how either earned or unearned premiums may be invested by the insuring company, yet just such control is recognized as the keystone of the reform which has kept our life insurance structure solvent. Most methods of examination, as Mr. Van Schaick's words prove, give no indication how deeply a so-called going company is "on pad." Not too much control, nor too little, but the wrong kind, springing directly from ignorance by state officials of the insurance business forces much sound American insurance to be written in England. This is frequently brought about by ignorant refusal of permissible spread to the American company which necessitates passing up what would otherwise be a fair risk for the American agencies.

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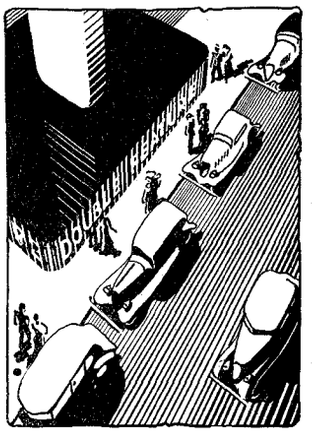
There is yet another kind of wrong control exercised by the state which might give way to a little of the right kind of control which would in turn produce some protection for the insured public. This evil comes out of the rating law. Too many companies write risks or classes of risks merely because they are rated by an insurance bureau. This perhaps is caused by a lamb-like attitude on part of the insurance companies, or perhaps upon the assumption that all of the insurance brains are in the state insurance departments. If you do not believe that this sort of wrong control can do damage to the companies and thereby weaken their capital structure, look for a moment at some staggering figures gathered for the year 1931. In that year because the bureau said that accident and health risks should be written at such and such a rate an underwriting loss of $3,483,407 was sustained; in the automobile liability the loss for the same reason was $15,656,770; other liability, $187,033; workmen's compensation, $23,262,132; fidelity and surety, $24,965,621; burglary, $3,210,223, giving a total underwriting loss for the year of $70,765,186. In order for the layman to understand the meaning of this "underwriting loss," the additional fact should be given that any insurance company which seeks today to depend upon the earnings coming from its invested premiums cannot long endure. The business of underwriting must itself produce a profit.

In order to appreciate the really ironic tragedy which we have permitted to develop around this field of insurance in America, it is necessary to understand how the pressure of the law has been permitted to exert itself solely upon the class which it has sought to protect. The rating law cited above was presumably drawn for the benefit of the insuring public, but it isn't. On the one hand the state makes the carrying of insurance, by the employer and by the vehicle operator, for example, practically obligatory and then does nothing to protect if his insuring company defaults in the event of liability. The law in recognizing insurance companies did presume to "protect" the injured by denying the presumption that an individual (or company) should be forced to pay only what it reasonably could pay in the event of injury. The law justified this action by pointing out that insurance companies existed for just that purpose—namely the payment of damages which otherwise would be prohibitive, and then it fails to protect the insured by its failure properly to regulate and supervise his insurance company. The travesty of this will dawn with extremely serious consequences.



Hundreds of thousands of taxicabs cannot operate in this country without third party liability insurance. The same is true of the bus. Because of the risk, and because of wrong control, few sound, reputable insurance companies care to, or will write, this type of insurance. The operators of such vehicles must get their insurance where they can. Unfortunately in the case, at least, of the rough and ready independent taxi driver, he isn't much concerned whether the insuring company is sound or insolvent. He is merely interested in getting his municipal license to operate. The insurance company which enables him to do this is mainly interested in his hundred dollar premium. You and I ride the cab because the law has obligingly seen to it that the cab does not operate until this little function in graft has been achieved. If we are so unfortunate as to be in an accident that will be our complete misfortune. The law cannot force the dishonest company to pay, the taxicab driver will have nothing which can be attached.

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The law, victim itself of incompetent and scheming office-holders, is just now beginning to feel the effect of the two-edged sword which a rotten insurance structure can be. Recently a judge sitting in a mid-western court was reminded by his clerk that thirteen of its charges out on bail bonds had been bonded by a surety company which had that morning followed the inevitable trail to the bankruptcy court. Ruefully the good judge allowed as how it was not likely that his charges would appear voluntarily to post new bonds in a company which was still solvent.

Counsel for the defrauded policy holders in an Illinois company, now in receivership, asserted that adequate state insurance laws, fully enforced, could prevent conditions such as led to the failure of the company. As he explained, the state insurance act permits "anybody to organize an insurance company upon deposit of $100,000 in assets with the State Superintendent of Insurance. Affidavits from any two real estate men that the assets deposited are worth $100,000 are all the proof required, and, with friendly officials in the Insurance Department, it is possible to set up an insurance company with assets on deposit worth much less than $100,000.

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"After the organization the company is permitted under the law to invest in virtually anything including common stocks, the earnings of which may be subject to first, second and third mortgages, and preferred stock. The

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company may not invest in real estate that is encumbered.

"The officials of this company clearly violated this provision of the law when they carried stock in the Stevens Brothers' Corporation on their books at $800 a share when the first mortgage bonds were worth only 22½ cents on the dollar and the second mortgage bonds had no market."

panies. The day for that bright idea, alas, has already

A short-sighted view held by many State insurance officials is clearly indicated in this last charge. Not a few of these apparently hold that undisclosed rottenness means that everything is sound. Continuing a so-called "serious emergency" of the recent past they not only permit, but insist, that all insurance companies file reports on their portfolio assets, using the conversion value of their investments at boom time stock market quotations. The seeming liquidity is a myth and a fraud.

Another example of the continuance of incorrect thinking on the part of legislators concerning needed reform in the insurance business is to be found in an after-the-horse-is-stolen amendment which was dumped this spring upon the desk of the Governor of New York State.

Section 451 of Senate Bill 1980 proclaims: "The Insurance Board shall have power by an affirmative vote of four of all of its members, to consider and make recommendations to the Superintendent of Insurance upon any matter the Superintendent may submit to the board."

This is as completely emasculated power as one is likely even to imagine. Where does the authority rest? From whence comes the initiative for reform and new enforcement? It's a charming little circle meaning exactly nothing.

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Wrong control, the harshness, if not ignorance of the law itself and petty political graft which has created this deplorable situation in the national insurance field has worked the most extreme hardship upon the honest insurance companies. There are not a few of these and they will suffer cruelly and unfairly when and if the entire structure should topple. By geographic sections the New England companies, on the whole, would appear to have the best record. The mutual companies (where the term *mutual* has not been abused) have performed admirably.

As for the rest—what to do? In the crisis, when it occurs, you may rest assured that we will do the wrong thing. Abortive attempts to save the sinking ship by putting RFC patches in the sails have been under way for some time. But this is merely one more proof that the name *"Reconstruction"* in Reconstruction Finance Corporation is the rankest kind of misnomer. Certainly in the case of sinking insurance companies it reconstructs nothing, for in exchange for its helping loans it skims the cream from the company's investment portfolio, thereby leaving the company in a weaker condition than when the Jesse Jones ambulance arrived.

In the hour of approaching distress certain office-holding politicians, as ignorant of the insurance business today as when they first began to wreck the structure, believe that they can rebuild two buildings with one dornick. How? By insisting that all building and producing business using RFC loans be forced to insure only with American companies. The day for that bright idea, alas, has already gone. The structure will not stand it. We couldn't do our ordinary insurance business for one day without England. We can only place within our own borders one-fiftieth of the insurance required in the handling of registered trans-Atlantic mail. In the increasing emergency over insurance New Jersey by an experiment of lightening control is insisting on prorating among all her companies doing business the much undesired workmen's compensation insurance business. Whether this drastic procedure will work remains to be seen. In the day of our real insurance crisis, when the test must be squarely met, we will blubber at the wailing wall the alibi for American ignorance and shiftlessness that insurance by private initiative alone cannot be written. But they write it in England that way—and most of ours besides.

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Why the Grass is Green

The significance of the strange prophecies of scientists about the shape of undreamed-of things to come and the "unfinished business" of today, the writer demonstrates, are the exclusive good fortune of Youth and of the Latter Day pioneers.

by Matthew Valliant

IS it anything other than an automatic reworking of that stupid and unscientific truism that it is always darkest just before dawn which brings us at a certain stage of a depression—the present stage—to a determination to be very optimistic about the material possibilities of the future? It is no doubt high time that we did something like this. And it is quite patently only human that in a measure we should do this with the same unreasoned enthusiasm and impracticalness with which we so recently indulged in window jumping pessimism. In what other way could we prove, if called upon, that we are, after all, the real, the original, the one and only genuine *homo sapiens*?

In order to understand the terminology "impractical optimism," in the sense here intended, let us first be sure that we have a working understanding of our unreasonable pessimism of this morning. That mood was concerned fundamentally with a loss of values. We cannot so far lose sight either of the dignity or importance of the individual human being as to laugh at his office-leaving via the window because one, two, or a score of banks had failed. That is individual tragedy, the despondency of a single soul not to be cheapened by any attempt to relate it to a loss of belief that the sun will rise tomorrow. But when out of such repeated incidents, and out of the continued demonstration of some closed banks never to open, we develop a national philosophy of pessimism which says the end has come, the world is bankrupt, then certainly we have lost all sense both of value and of perspective.

In the light of the kind of mass brooding on business statistics to a point which would indicate basis for a modern truism, "a watched car never loads," such speculative writings as follow, from the pen of Cyril E. M. Joad, of the University of London, would appear to be an excellent antidote:

"There is no reason (Professor Joad tells us) to suppose that life in us has reached its final form. It has been estimated that our planet will remain habitable for about 1,200,000,000 years."

But perhaps there are heads already too dizzy from long and maddening contemplation of debts, national, international and private, mounting daily by the billions, to be steadied by a little figure such as 1,200,000,000 years. For such then Professor Joad has these cosmic words of a more bitter taste but perhaps of more quininic value in allaying the fevers of petty national problems:

"For inconceivable aeons of time our planet was lifeless. Life, in the view of the Materialist, is an eddy in the primeval slime. Once our planet was too hot and too moist to maintain life, but as the central fires of the planet began to cool a crust was formed upon its surface, and as the earth grew colder yet, this crust decayed, and out of the evil humors of its corruption bred life, much as a rotting cheese will breed maggots. Life then is a disease in the constitution of the earth, a product of rotting matter preying like a fungoid growth upon the planet on whose surface it grows."

It should be made clear, in all justice to Professor Joad, that the foregoing is not his ultimate philosophy. It is his statement of the Extreme Materialist concept. It is quoted here not for its possible scientific truth but merely as a collection of well chosen words which conjures a mood which leers to scorn the whimperings of a people frightened by four *long* years of depression.

We feel that it was from a somewhat similar motive —an excellent one, certainly—to restore a proper sense of values that Alfred P. Sloan, Jr., president of General Motors, called together a group of the nation's engineers, physicists, chemists, industrialists, at Chicago on the eve of the reopening of the Century of Progress Exposition. It was no doubt high time, and the country is Mr. Sloan's debtor for it, that someone came along and took our minds off our petty worries and concerns of today and put them, if only briefly, to contemplating the too infrequently dreamed of possibilities of tomorrow.

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So it was that Mr. Sloan's guests of honor told his other guests, some 600 in number, told also the people of the country, via the radio and the daily press, of the approaching day of power from sunlight, of noiseless cities, of man forever freed from the prison of disease, of wireless radiated energy, of the possibilities of photo-synthesis, of the progress made to date on the solution of the secret of life's creation, and also of the day of the ultimate working out of a study which is known now only as

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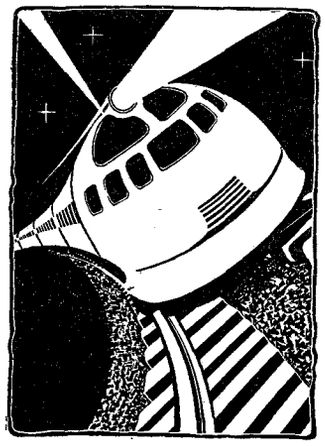

"why the grass is green."

There was present at the Chicago dinner as a guest of Mr. Sloan a certain railroad man. Two days after the Chicago meeting this man's railroad established a new world's railway speed record on a sunrise to sunset run of 1,015 miles in thirteen hours. This achievement was made with a light metal, streamlined, air-conditioned train. Both the train and the record are indisputable realities. But for how long has such a train been anything but a reality! To the knowledge of the writer it has been in Sunday supplements and pseudo scientific magazines for at least twenty years. Being there and no place else for so long and always hailed in those places as "The Train of Tomorrow," it had no practical relation with the life of the man who prefers to live in Palto Alto but must work in San Francisco, or one who lives in Darien, Conn., by choice and of necessity labors in New York. To such it had about as much meaning as Professor Joad's statement: "It has been estimated that our planet will remain habitable for about 1,200,000,000 years."

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The native American is fond of exercising his cynical optimism by dismissing today's troubles with the cruel, true statement, "A hundred years from now it won't make any difference."

It was inevitable that much of what was said at Mr. Sloan's dinner should have a minimum of direct relationship with our current difficulties and with life in our own times.

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The fault here would seem to be chargeable to the method of technical research, and that method cannot be other than it is. The bulk of our technical progress does not come out of a desire to invent new things. It is rather the by-product of the search for technical knowledge. Ask the research engineer to tell you about the wonders of tomorrow, what new machines and new riches we can hope for, and he will say, "If we knew what caused this, or how this other thing could be done, tomorrow we could have . . ." and thereafter there will follow a list of astounding machines, products and devices which has no relation to the present scene. It was largely, we may say, the ignorance of metallurgists concerning practical ways to treat and handle certain light metals which made the 117.5 miles-an-hour Burlington Zephyr so slow in arriving!

It would seem permissible, therefore, to assert that both the method of Profesor Joad and the method of Mr. Sloan are not the most efficacious in jarring masses of people loose from their pessimism of the moment. The reason in both cases is an inability to relate prophecy to reality. Prophecy with this relationship was in no sense completely absent from the words which were spoken at Chicago. But it was most conspicuous in those words which dealt with abstract ideas. An example is discoverable in the remarks of Charles F. Kettering, vice-president in charge of research of the General Motors Corporation, when he said: "I cannot help but feel that in a very short time we are going to break loose another great piece of basic information which will keep us industrially busy for a great many years to come."

It is statements such as this one and not the seemingly fanciful claims embodying unrealistic figures of what life will be like on this planet half a century hence which the average person can get his teeth into and hold onto as an appeasement of the hunger of today's despondency. The real need is to relate today's emptiness, stagnation and inactivity to a concrete listing of *today's* unfinished business. It is an occasion for near-sightedness, a requirement for self-induced myopia in order that we may see and appreciate the things which can and should be done which are right under our noses.

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To work may be an acquired characteristic of the *homo sapiens,* but once acquired it is of the nature of an extremely dogged, sullen, sulky and irremovable habit. In times of depression we are inclined to think solely in terms of the total unemployed and to think too little of the effect and of the fear of unemployment upon the individual. A great contributor to at least the latter condition are the sayings of the misinformed misanthropes who have been telling us for so long that America is overbuilt.

America over-built? A recent government report states that 800,000 new housing units will be necessary in this country for the next several years. The *"American Builder"* estimates that such a program would require six billion board feet of lumber, four billion of sheathing boards, sub-flooring, etc., 976,000,000 board feet of flooring, millions of bricks, huge amounts of cement, crushed stone, etc., etc. America over-built? Well hardly, if we accept the recent statement of a housing expert that only one half of America's 126,000,000 residents are properly housed.

The leaders of the American automotive industry are convinced that we should be enjoying the services of a car which could be driven 300 miles on one gallon of gasoline. Anyone who has any ideas on this subject should step up.

And then there is the matter of that as yet unmaterialized low-priced private airplane. The government believes such a machine can be produced for $700, and has just put out the specifications which should be met in undertaking to design such a plane.

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America's largest international air line awaits a lighting wizard who can light cheaply and practically the east coast of South America. The inventor of the lighthouse need not apply. The problem is uniquely different; those who desire the light have no claim upon the governments of the countries the coasts of which must be lighted for night flying. The lighting unit must be small, it must be self-contained, it must require a minimum of maintenance service and the light must be visible through fog.

And while we are in the air there is an intensive competitive type of work for the courageous and pioneering spirit in the battle just now developing for the control of traffic on the international airways of the world. The

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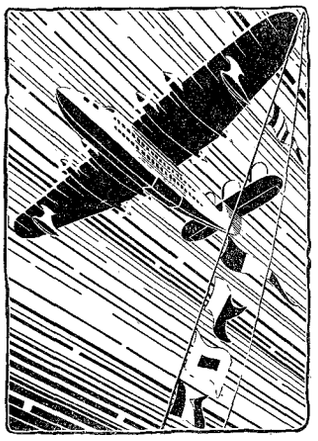

future supremacy of commercial air power rests upon the outcome of this struggle. Those who believe that they may have something to contribute to this effort should report immediately in the mid-South Atlantic between South America and Africa, where the fight at present centers. The Germans are already there. The French are there. The Dutch will be there shortly.

At least two generations of American periodical readers are familiar with the invitation to "Be a traffic manager." The invitation, paid for at the customary prevailing advertising rates, always stressed the market demand for brains competent and trained to solve railway traffic problems. The volume of this demand we may accept at the stated figure, but whatever that was it is nothing when compared to the demand which exists even today for the regulation of electrical traffic through the ether. It must be remembered that we are only in the dawn of the day of short wave communication; but already these air channels, limited in number, are becoming jammed with voice and code signals sent out to prevent crime, to apprehend criminals, to guide airplanes and ships at sea. And crowding at the door of the world's radio shack are those seeking air highway space for the transportation of "power," for room in which to transmit waves which can run typesetting machines in distant composing rooms, and even waves carrying as yet undeveloped pictures!

The foregoing may stand as merely a partial listing of "unfinished business" which must be taken up in the immediate future. But it will be as impractical to the purposes of the problem under discussion as the philosophy of Professor Joad or the optimistic picturization of the future of the Chicago scientists if we fail to relate it to a specific group as their own special opportunity. Unless we do this the automobile of the 21st Century driven by sun power has as much real practical meaning as has the automobile of tomorrow driven by a Diesel engine, or the one of the day after capable of going 300 miles on a gallon of gasoline.

The opportunity belongs specifically to two groups: to youth and to the Latter Day pioneers. These are not exclusive classifications. In a sense they overlap. We may consider them separately, however, in order that we may better understand what is due each.

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Lately, it would seem, we have come to be a trifle oversentimental and weepy about youth. As recently as May of this year, Mrs. Franklin D. Roosevelt said, "I have moments of real terror when I think we may be losing this generation. We have got to bring these young people into the active life of the community and make them feel that they are necessary."

Well, if the secret of the atom and what it may mean, the sun-powered automobile, the noiseless city of the future, the ultimate answer of photo-synthesis, wireless energy and the discovery of why the grass is green does not belong to youth, then it belongs to no one. It is not to be denied that youth, enervated by four years of inactivity, is totally distracted in vain searching for knowledge of how it can get even a foothold in this new promised land. But in considering the plight of youth in the Depression, haven't we once more lost our sense of true values? We have heard much (and with no disrespect to their individual tragedies, perhaps too much) of the fate of the classes of '30, '31, '32 and '33. But what of the classes of '26, '27, '28 and '29? There was a sufficiency of employment opportunities for juniors in those years, it cannot be denied. But it was "easy employment," and in the largest measure unimportant and unnecessary employment in a world in which everything was finished anyway. Prosperity was Permanent, opportunity to struggle, to improve and be improved was conspicuous by its absence. Honest employment research experts who will look to the employment figures and cases of today will find that the majority of the Youth Class now in the saddle—the exceptional outstanding young executive, those marked with the star of Young Men Going Somewhere, who have not been unseated by four years of Depression—have a common origin. They were the Step-children of War. They are of the unfortunate generation who missed "the greatest show on earth." They were the inheritors of a war-torn world. All they had to do was to build anew out of the ashes of the follies of an older generation. What greater opportunity can youth ever ask? And great as was the opportunity in this respect for the classes of '20, '21, '22, and '23, in the matter of things to be done, built, or rebuilt, it sinks to insignificance before that of the class of '34! (In the recent hard years in which they have been forced to mark time the youth of today has learned patience, a degree of tolerance, lessons which youth seldom learns quickly, and they have cultivated also a taste for iron. They have put aside flippancy. They certainly are more serious, better prepared, than was the youth who landed at maturity just this side of paradise from the Good Ship Jazz, F. Scott Fitzgerald, commander.)

But the opportunities of the New Day as envisioned by those who spoke at the Chicago meeting are not their opportunities exclusively. They must be shared by youth with that other group—the Latter Day pioneers.

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From the standpoint of age this group is not easy to classify. It overlaps some of the youth group. It will include some of what Mrs. Roosevelt fears is a "lost generation." But it is never exclusively identifiable by any age limitation. It materializes as a by-product of the employment dislocations which occur in all depressions and also from what may be termed the "wave movement" by which a sound, practical idea is established in the commercial world.

In order to define that term "wave movement" and to make perfectly clear how the establishment of a new, fundamentally sound commercial idea requires the services of a succession of "pioneers" we may look for a moment at the history of powered, human flight. It is an example excellent to our purposes for its history is wholly confined within the 20th Century. The secret of heavier-than-air powered flight was discovered and first successfully demonstrated in 1902. The name of those pioneers survives in commercial aviation. But of the pioneers themselves one is dead while the other is as completely removed from the stream of activity which is carrying his idea to some

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final and as yet distant fulfilment as if he were resident on Mars.

There is, of course, nothing unique in this. It is merely repeated history of many inventors and their inventions. The Wright brothers envisioned the most practical working out of their invention in the hands of the military. They tried unsuccessfully for such a launching and destiny in 1907, 1908, 1909. But in these and the immediately following years flying achieved its greatest status as a stunt and as a private sport. From 1910 to 1914 aviation returned its greatest revenue as an exhibition machine and was being rapidly developed in the hands of fair exhibitors and impresarios. Suddenly *these* Latter Day pioneers disappear and the World War comes over the horizon as the salvation of an idea which for twelve years had struggled vainly to demonstrate its commercial worth.

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The war not only called for the production of planes in numbers previously unheard of and led to a speedy improvement and refinement of the flying machine, but it also produced hundreds of pilots. Many of these Latter Day aeronauts came alive out of the war convinced that they were to be paid a special dividend for their courage and their skill by at last being permitted to establish the airplane in commerce. They were truly inheritors of the mantle of Latter Day pioneers. But few of these ever reaped any of the rewards of commercial aviation. Most of them were shaken off into an undeserved oblivion in the Depression of 1921-'22. It was an entirely new generation of Latter Day pioneers who quickened to golden life national and international interest in aeronautics by their ocean flying in 1927, 1928 and 1929. It was the wave of "air-consciousness" which they created which set the stage from which commercial aeronautics was finally launched in America, exactly a quarter of a century after the Wright brothers first flew. And with only one exception none of the public's air heroes ever participated in the material rewards of the final "strike" of civilian flying in the United States. It was yet another group of "pioneers" who worked this bonanza. And aviation is but one of the modern day endeavors which has been developed in this fashion of successive waves.

And where major depressions coincide with profound and revolutionary changes in government we get a further accentuating of the upheavals in the classes of the workers and among those afforded an opportunity to apply their ideas and their energies to the advancement of schemes and plans. Long before a depression reaches its half-way mark the movement of cutting down personnel is well launched. We may say of such persons that they are "laid off," but they are not laid on the shelf in the sense that when activity revives they can be "taken down" again and set to work where they stopped. Those so displaced must continue to live, to eat. They must find activity where they can in other fields. The fortunate ones achieve satisfactory readjustment elsewhere. But in any event, few of the older workers in any considerable numbers are ever immediately available for their old positions when recovery begins. There exist merely opportunities for what we have called the Latter Day pioneers.

The Prosperity Era axiom that no one who really wants to work in the modern world need ever be without employment has been pretty thoroughly exploded. But there is some danger here from over-simplification of the arguments of the class critics. There are certain psychological factors which should be carefully examined before passing final judgment. Periods of "easy employment" are not the periods of the highest labor efficiency. They are periods of a high level of discontent with the existing employment conditions. The philosophy of "I know where I can get a better job" at such times is strong in the land. When depression strikes, such as espouse this philosophy are immediately told to go and find them if they can. And usually their record of inefficiency of that date justifies such quick dismissal. But there is another side to depression unemployment. The satisfactorily efficient who are retained and who weather the blows of the storm by being securely anchored to a job become enamored of that job and in a measure narrowed by it. They develop ox-cart minds to which even the most reasonable of tomorrow's possibilities seem fantastic risks either from the viewpoint of employment or investment opportunities. Not for them the sun-powered automobiles or wireless energy, or the fruits of photo-synthesis.

It would appear then that there is a sequel to the tale of the dancing grasshopper which Aesop failed to write for us. But it is not presumed that Mr. Kettering's sun-powered automobile will be available on bushes for all who may chance to dance that way. Nevertheless the why and wherefore of Opportunity in this new time seem reasonably demonstrable under the assumed truths of neo-economics, namely, that as the labor-saving machines produce more with less and less need for man-power hours, it is in the field of services that the demand for new employment will appear first. The services will be largely new in kind and therefore it may be assumed the employment will be of a kind demanding a minimum of "previous experience."

The opportunities existing at the end of a depression and at the beginning of recovery would appear to belong to the quick starters, to those not otherwise encumbered, likewise to those unhandicapped by the conservatism of routine thinking upon older, long established methods, who are fully prepared at less than a moment's notice to dash off in new directions. The advent of rayon, for example, caught many workers, high executives among them, in the silk industry flat-footed. Recognizing exceptions to all rules, it was to those not then doing so well in silk and to those previously outside of the fabric field that the quick development of the rayon industry meant the most.

To realize the implications of Mr. Sloan's preview of a new century of progress means simply being prepared to go in new directions. While old roads have been closing out, research has been busy about the winding of new ways. But there is no indication that the rewards lying at the end of these new trails can be achieved by any collectivized system such as that now proposed. If we have not mistaken the dawn, and if the prophecies of the scientists are true prophecies, the achievement of the new goal will require every bit as much individualized effort as that employed in the past. The wave movement of progress is itself an automatic and natural New Deal. Do we require any other? Those whom a synthetic New Deal seeks to hold in political line by assuring them of a division of today's profits will be the first to resent any such control or restrictions once they appreciate the natural advantages which they hold in the race, now about to begin, to the place where the grass is green.

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Press Agents of the New Deal

By William E. Berchtold

Washington news as it appears in the American press today is largely the handicraft of New Deal press agents. No government ever has had on its payroll such a large and efficient staff of ballyhoo artists who work to sell a party's program in the form of news of administration activities.

IF you can name the ten members of the Roosevelt Cabinet easier than you can recite the Ten Commandments, the reason may lie behind this simple fact: the Ten Commandments are not printed on the Front Page of your newspaper nearly every day in the week. The New Deal's phenomenal success in commanding attention through every medium of publicity known to the modern art of ballyhoo has been no chance happening; it has been carefully planned by the largest and most efficient staff of publicity experts ever to grace the government's payroll.

The same publicity tactics which proved so successful during the Democratic Presidential Campaign and which sent Franklin D. Roosevelt to the White House are being employed on an even larger scale to keep the New Deal before the public. In fact so important has press agentry become to the New Deal that several of the key men in the Democratic National Committee's publicity machine have been transferred to the government payroll with important assignments. Even the press intelligence set-up which the Democratic National Committee found so effective during the campaign has been transplanted almost in its entirety into the government service. No party organization, however, could afford the elaborate press relations machinery which the New Deal has erected to augment the small nucleus which existed on March 4, 1933. Its cost, including salaries, printing, supplies, etc., is today in excess of $1,000,000 annually, and it is being paid for by the American taxpayer.

To those who have followed the political career of President Roosevelt, this unprecedented emphasis on public relations and publicity is no surprise. No President has ever been more alive to the potentialities of maintaining a "good press," of gauging public reaction to his policies and of timing his announcements to obtain the widest and most sympathetic audience possible. A past master of publicity tactics himself, the President is known as a "natural" to his publicity-wise staff. He has an expert knowledge of the technical intricacies of news dissemination, motion picture production, news photography and radio broadcasting. He is always ready to listen to suggestions from the three veteran newspapermen whom he chose to surround him in the White House Secretariat, but when the "Boss" strikes out on an exploit which does not happen to meet with their favor (which is to say does not conform with standard publicity practice) there is every reason to suspect that a new publicity *coup* is in the making. His judgment of publicity values is uncanny!

The Roosevelt technique has thrown precedent to the four winds. Washington's starched dignity has melted in favor of a humanizing influence which has kept members of the Cabinet and key men of the Alphabet Agencies from turning to marble on their lofty pedestals. The word has gone out to mingle with the crowds. Everyone who has any ability as a speaker or a writer has been added to the list of traveling super-salesmen charged with the task of selling certain phases of the New Deal to the public. Those who lack either time or ability to write their own speeches can at least furnish the sound effects. Those whose literary inclinations are rather limited can at least "edit" copy prepared for them and sign their names to daily newspaper columns, magazine articles, newspaper feature stories, or books. It is easy enough to draw a star writer from the New Deal's corps of press agents, many of whom spent years in Washington as newspaper correspondents before they became cogs in the Administration's press relations machinery. They know what makes news and are having the time of their lives manufacturing it in reams, a pleasant change from the years spent in scraping up the dry crumbs of less publicity-minded administrations.

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The White House is the focal point of the New Deal's public relations set-up; all departments and agencies take their cues from the policies established there. When nearly 100 correspondents for press associations and daily newspapers gather for the President's press conferences on Wednesday mornings and on Friday afternoons, the key government press agents file in with the newspapermen, take copious notes and make plans to carry out the press conferences in their own departments on the White House pattern. The President sets a pace which is difficult for his Cabinet members to match. Submitting to oral questioning—with no questions barred—he faces the interrogatory barrage from the correspondents with equanimity. He calls the newspapermen by their first names as he answers their questions. Sometimes his answer is no more than a friendly jibe at the correspondent if the question is one he does not want to answer, but more often the answer is direct and informative. Most of the answers can be used as "background" but never to be attributed directly to the President as a quotation. If the answer is confidential, the President indicates that it is "off the record," which means that it cannot be written or repeated "even to the boss." When direct quotation of the President is permitted, copies of his statement are prepared in order to guard against possible misquotation. The Chief Execu-

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tive of no other nation receives the newspapermen of the world on anything approaching such terms.

This open door policy on press relations at the White House was calculated to have an electric effect on the Washington newspaper corps, and it hit its mark with salutary results. The first Roosevelt never held press conferences, but talked privately to a small clique of newspapermen who had access to the White House through the back door. President Wilson was the first to hold regular conferences with the press, but the World War clamped down a censorship which closed them up. President Harding, himself a newspaperman, required the submission of questions in writing prior to his conferences, but answered some oral questions. President Coolidge instituted that mythical figure, the "White House spokesman," to whom all statements were attributed, although he managed to become a homely legendary character by encouraging the circulation of stories about himself. Herbert Hoover established himself as a headline maker while he was Secretary of Commerce, but once in the White House his attitude changed; he resented personal publicity on his family life; he required the submission of written questions at press conferences and answered only those which struck his fancy; he postponed and canceled press conferences at will and with increasing frequency until finally he fell from headline stardom.

The New Deal's alertness to the potentialities of publicity has pumped new life into the Washington press corps and the government press agents have played no small part in rounding out the picture. Washington is the world's most important news center today. Those registered in the Press Galleries of Congress now number 435, a corps as large as the House of Representatives itself! When the scores of magazine writers, feature writers and free lancers (not registered in the Press Galleries) are considered, the number exceeds 600. Before Roosevelt entered the White House, there was a tendency to cut down the size of Washington staffs serving the major newspapers and press associations. But the New Deal, with its surfeit of big news, changed all that and fixed the attention of the world upon Washington. Mrs. Roosevelt alone created jobs for a score of women reporters by insisting that men be barred from her press conferences, thereby laying the groundwork for a sympathetic circle of newspaperwomen whose No. 1 assignment is the First Lady of the Land. The NRA and AAA manufactured news at a rate too fast for the daily newspapers and press associations to keep pace with without expanding their staffs. Established government departments—such as Interior, Treasury and Justice—which seldom turned up big news under previous administrations, became live sources for news when the new government press agents were put on the job and the duties of those departments were expanded under the New Deal.

Not even the world's largest corps of newspapermen has been sufficient to cover all the sources of news in the national capital. That's where the government's new press agents have stepped in to do the task for them. The NRA and AAA have organized their publicity staffs on a plan and on a scale comparable with a daily newspaper office, with "reporters" who collect the news and cover code hearings, "copy readers" and "rewrite men" to put it in final shape for the attention of the "city editor," while a "managing editor" passes on matters of policy and directs the whole news gathering organization. Their output takes the form of mimeographed "handouts" (more than 5,200 of these to date have come from the NRA alone) which are distributed to newspapermen at a central point. These "handouts," prepared by government press agents, are the backbone of most of the news stories which you read today in your daily newspaper under Washington date-lines. Formerly shunned by aggressive correspondents who took pride in covering stories personally, the once despised "handout" has become the rule rather than the exception. There is no regulation against a correspondent's covering a story in person, but the impracticability of being in more than one place at one time is embarrassing to the aggressive reporter these days. He soon comes to rely almost wholly on the "handouts" which, by the way, are often better written than if they were prepared by the correspondent himself. Of course, the "handouts" are not likely to turn up a juicy tidbit on a row between certain government officials, but they are accurate—from an official viewpoint. And plentiful.

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It is noteworthy that the good-humored informality of Rooseveltian press relations has won over the most hard-boiled and cynical among the Washington press corps. Even some of the old-timers frankly admit that they have been drawn so close to the inner sanctum that they feel themselves losing their once prized ability to view each succeeding administration with an objective, if not professionally jaundiced, eye. Correspondents from newspapers whose bosses insist that they are primarily interested in critical stories reflecting the opposition viewpoint go about their tasks with a rather apologetic air, many of them admitting to friends in the Administration that the New Deal's friendly attitude toward the press has overwhelmed them.

Some writers of the "gossip columns," whose life-blood depends upon chit chat from behind the scenes, make a policy of avoiding regular press conferences where they may be exposed to the wiles of the New Deal's seductive friendliness toward the press. They get much of their information from small fry in the government bureaucracy whose wagging tongues spill tales out of school. Their gossipy stories never come from "handouts" prepared by government press agents, and if the columnist should call upon one of the government's new public relations men for verification, the chances are two-to-one that the gossip would never reach your favorite newspaper. The Washington gossip columnist has risen to unprecedented heights under the New Deal (one column now being syndicated to 270 newspapers) chiefly because the old-line correspondents and press association writers are leaning more heavily than ever before on "handouts" and information which bears an official stamp of authenticity, the work of the New Deal press agents.

Every effort has been made to guard against a charge that the Administration is manufacturing "propaganda" for its own ends. Stephen Early, Press Secretary at the White House and kingpin in the New Deal's press relations set-up, has sent instructions to his corps of government press agents that they should handle their jobs "just as though you are working for a newspaper" and "without propaganda." When the Treasury and Interior Departments and the NRA were caught in the act of issuing instructions to officials which closely resembled a press censorship, Early quickly took action upon the complaints of newspapermen and reassured them of the Administration's

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desire to put no obstacles in their way. Now all "responsible officials" may talk to newspapermen "except on policy matters," which are centered in the hands of a few major officials. The result of the first orders, however, has not been completely overcome. Few minor officials are willing to talk freely and most of them precede their remarks with "Don't quote me, but—" or the now highly favored expression "Off the record." But there is really little reason to bother with minor officials when there are so many big guns booming every half hour with the regularity of an artillery barrage; the regular press conferences of the White House, Cabinet members and NRA alone crowd every available minute in each week's calendar, with some overlapping.

No one will deny that the New Deal press agents put their best foot forward in presenting the news of the Administration. But it is, nevertheless, true that the system provides a power-house of potential possibilities for the suppression, distortion and censorship of news, should such a course be found desirable to the Administration. At the present time it is achieving its ends by bombarding America's 126,000,000 inhabitants with every detail of the New Deal's activity. Perhaps it is purely accidental, but it is nevertheless a fact that the New Deal has created so many news centers that even the most conscientious member of the Fourth Estate finds it necessary to rely upon the Administration's host of press agents.

The newspaper, radio, camera, news reel, platform, and every other device known to modern publicity have provided the means for telling the New Deal story. The major daily newspapers are, of course, the first consideration, because they cast the die which editors in small towns and rural counties utilize to formulate editorial policy. But the New Deal is also reaching out directly to the small town and rural newspaper with "clip sheets" for lazy editors, to the magazines with signed articles by big names in the Roosevelt Administration, and to the people generally through the radio which reaches into the American home. The Government Printing Office has turned out more than 1,000,000,000 pieces of printed matter in the last twelve months, a new high in government publication production, much of it prepared for direct mailing to citizens in every section of the country. The story of the men behind the scenes who are directing and carrying out this huge peacetime publicity program is a revealing one. It is the story of the largest and most efficient staff of public relations men ever retained by a government. Excepting Walter Lippmann at the outset of our excursion through this gallery of word-portraits, we present the following as the principal Press Agents of the New Deal:

LOUIS McHENRY HOWE (*Secretary to the President*). As the master political wire-puller of the Administration, his piercing, beady eyes are more firmly fixed upon the problems of winning future Congressional and Presidential elections than any of the men who immediately surround the President. No man has been more closely associated with the political career of Franklin D. Roosevelt than Howe, who thinks and talks in terms of publicity and public reaction. Fifteen years of political correspondence at Albany for the *"New York Herald"* and *"New York Telegram"* brought him in contact with Roosevelt while he was a State Senator from Dutchess county. Howe, affable wearer of baggy, unpressed sack-suits, managed Roosevelt's campaign for re-election to the State Senate, taught him many a trick of the publicity business and finally gave up newspaper work to be his secretary when Roosevelt was named Assistant Secretary of the Navy. At Roosevelt's right hand during the campaign for Vice President in 1920, he remained as his personal secretary throughout the '20s, pointing his friend and chief for election as Governor of New York and President of the United States. He was the President's logical choice for the No. 1 post in the White House Secretariat.

Howe tossed political tradition aside by accepting the offer of a commercial radio sponsor to pay him $600 for a brief broadcast from the White House on Sunday evenings, but as dignified Washington was to learn, acts which might have been considered *infra dignitatem* in former administrations were to become commonplace in the New Deal's publicity scheme. "Sistie" and "Buzzie" Dall, the President's grandchildren, are the only members of the President's personal and official families who have escaped the call to write for syndicates, to broadcast for commercial radio sponsors, or to take some part in the program.

Howe is the creator of the government's first press intelligence service, the expansion of an idea which he developed during the Democratic Presidential Campaign to find out the issues being played up in each section of the country and what was being said about the Democratic candidate in particular. It is a kind of seismograph to register the mental rumblings of the milkman in Omaha and his brother voter in every section of the country.

Based somewhat on the hard-headed political theory that good leadership calls for finding out where the people are going and then taking them there, Howe's press intelligence service presents a daily digest of more than 400 newspapers in the United States. The Press Intelligence Bulletin, which is the official name for *"Louis Howe's Daily Bugle,"* circulates only within the inner circle. It classifies thousands of clippings daily under appropriate headings, giving a brief description of each article, the paper from which it was taken, the paper's political affiliations, the date of publication and an index number. Clippings are called for by the index number when they seem sufficiently significant to warrant reading the entire article. Katherine Blackburn, former secretary of the Woodrow Wilson Foundation and actively associated with the Democratic National Committee during the campaign, directs the corps of 25 expert research workers who prepare the *"Daily Bugle,"* which often requires from 100 to 150 pages of single-spaced typewritten sheets for a single edition. This is only one of many public relations devices found valuable during the Democratic Presidential Campaign to be transplanted on an enlarged scale into the government service. And, as may be logically added, at the expense of the taxpayers!

Howe's impaired health has placed an added burden on the President's two Assistant Secretaries, although he is credited with master-minding many of the outstanding moves of the Administration. His task is to keep a finger on the pulse of the American People (no easy assignment at a time when nerves are apt to be jumpy) and to pull the proper wires to insure an avalanche of Democratic votes at appropriate times. No program, regardless of its merit, can succeed in a Constitutional Democracy without the kind of public support which will win elections. With Louis Howe watching the seismograph and Big Jim

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Farley dishing out the patronage, the Democrats are in a formidable position.

STEPHEN EARLY (*Assistant Secretary to the President: Press*). As major-domo of the Administration's press relations staff, he is responsible for the selection of most of the New Deal press agents as well as the building up of the policies and machinery responsible for the maintenance of a "good press." The decision to banish the "White House Spokesman" forever and to no longer require correspondents to submit written questions to the President in advance of his conferences was Early's decision, with the approval of the President. Twenty-five years in newspaper, publicity and news reel work have provided Early with a thorough background of the Washington correspondents' news interests, as well as many intimate friendships in the Press Galleries. He can usually anticipate questions which will be asked the President, and groom his chief for appropriate answers.

Enjoying the President's complete confidence, Early is always in a position to give a reply to questions which arise in the interim between the regular Wednesday and Friday conferences of the press with the President. It was Early who taught the President some of the ropes of Washington publicity when Roosevelt was Assistant Secretary of the Navy, which occurred at the time when Early was covering the State-War-Navy "beat" for AP. After nearly a decade of service on the Washington staffs of the United Press and later the Associated Press, Early went overseas with a machine gun company and was later assigned to the *"Stars and Stripes,"* official newspaper of the A. E. F. He became publicity director of the Chamber of Commerce of the United States after the war and was advance agent for Roosevelt during the Vice-Presidential campaign in 1920. Returning to the AP, he was assigned to cover President Harding on his western tour. He scored a national news beat in flashing the news of the President's death from San Francisco. Paramount News appointed Early as their Washington representative in 1927, a position which he held until joining the White House Secretariat. He keeps tab on news that is breaking on a dozen fronts through a United Press news ticker (another New Deal innovation) which he had installed in his office at the White House, an invaluable check on the activities of the department press agents as well as a summary of world news, committee hearings and even registrations at Washington hotels.

The most ticklish task which the White House has faced in its press relations since inauguration was the handling of the President's $10,000,000,000 budget message to Congress and submission of the 689-page budget itself. Widespread criticism of the budget might have seriously damaged the New Deal's position, and the President recognized the importance of the event. Correspondents were called to the Oval Room on the second floor of the White House; each was furnished a chair (newsmen ordinarily stand during conferences with the President) and each was provided with a copy of the budget message and the thick budget document itself. Then, for the first time in history, the President of the United States took the correspondents into his confidence to discuss his budget freely with them nearly twenty-four hours before it was released for publication. Calling correspondents by their first names, he answered all questions as he went through the budget, page by page. Many of the answers were "Off the record" and none of the information, outside the written budget message itself, was for quotation, but the conference made history in White House press relations. The budget was characterized as "the most brutally frank message ever sent to Congress." Franklin Roosevelt's uncanny publicity sense had scored again, for it was the President himself who suggested the conference. Had there been a "leak" through one of the several score correspondents present, the story might have been different.

Early spends a half hour or more with the President before and after each of his press conferences, offering suggestions on the handling of the most important subjects apt to come up for consideration. The Press Secretary seldom puts out statements from the White House without consulting the President. A notable exception was his handling of the Lindbergh telegram protesting the cancellation of all air mail contracts. Early alluded to the "publicity motives" which usually underlie the publication of telegrams in the press before the President has been afforded the courtesy of reading them. The press interpreted Early's statement as a rebuke to Lindbergh. It was actually directed as a slap at Colonel Henry Breckenridge, Lindbergh's attorney, who gave out the telegram, but Early's subtly worded statement did not carry the name of the former Assistant Secretary of the Navy, whom Early's colleagues on the State-War-Navy "beat" used to call the "Boy Scout." Early had to take the "rap," but the President backed him up.

MARVIN HUNTER McINTYRE (*Assistant Secretary to the President: Appointments*). Although his chief task is handling the President's appointments, he is thoroughly competent to pinch hit for Early on public relations when necessary. The President sometimes takes McIntyre with him on trips away from Washington to handle press relations when Early must remain in the capital. Like Early, McIntyre's training has been in newspaper, publicity and news reel work. After four years on the *"Louisville Times"* and *"Asheville Citizen,"* he came to Washington in 1909 as city editor of the *"Washington Times."* He served on the Committee on Public Information and as Publicity Director of the Navy during the War; then joined Early in handling Roosevelt's publicity during the 1920 campaign for Vice President. Ten years with motion picture news reels followed until, in 1931, he became business manager and publicity representative for Roosevelt in his Gubernatorial campaign. McIntyre never misses an opportunity to cement the White House's relations with the public, whether the opportunity comes in the form of presenting a silver cup to the Health Queen of Mount Clemens, Mich. (for the benefit of news photographers), or some more arduous task. No President has ever had such a publicity-wise trio in his Secretariat as Howe, McIntyre and Early. Their salaries: $10,000 annually.

CHARLES MICHELSON (*Public Relations Trouble-shooter of the New Deal*). His high-powered press agentry laid the groundwork for the Democratic landslide which put Franklin Roosevelt in the White House. Ready for a well-earned vacation on March 4, 1933, Michelson was hurriedly called into government service as the nation's banks closed. The late William Woodin had been chosen Secretary of the Treasury, but Woodin —a kindly old gentleman—had no experience with handling the press. The

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eyes of the world were fixed on Washington and the Treasury Department; any move misinterpreted by the press might have proved a severe setback for the New Deal. Michelson was sent into the Treasury, where the high priests of the nation's money were known to consider their activities as sacrosanct and outside the realm of newspaper publicity. The Democratic party's No. 1 ballyhoo man soon changed all that. No financial expert himself, he insisted that the Treasury's intricately worded statements be reduced to language which he could understand; then he gave them to the press. Michelson eliminated the parasites and tipsters responsible for news leaks in the Treasury Department by organizing a Treasury Correspondents Association similar to those at the White House and on Capitol Hill. Within a short time, Woodin, who was naturally suspicious of newspapermen, was sitting on the corner of his desk, laughing and chatting about music with correspondents at his press conferences.

When the pressure of big news slackened at the Treasury, Early switched Michelson to the CCC, which was just being organized, but within a short time another red-hot-spot in the New Deal's press relations had developed: the London Economic Conference. Michelson, still longing for a vacation, was sent to London with Elliott Thurston (now political writer for the *"Washington Post"*) as an assistant. Handling press relations for an American Delegation to an international conference is no picnic, chiefly because foreign newspapermen —most of them subsidized by their own governments—coöperate closely with their home delegations, while American newspapermen outwit their own delegations to the distinct advantage of the foreigners. Michelson was credited with getting the American Delegation through its severe ordeal with far less loss of prestige than might have been the case without his ministrations.

Confusion in the NRA was rife when the New Deal's press trouble-shooter again reached Washington, and he was quickly appointed Director of Public Relations for the NRA. Michelson soon saw that the NRA was having prima donna trouble, with every deputy and sub-official spending most of his waking hours in seeking personal publicity. Michelson took care of that little trouble by an order which permitted no one other than General Johnson and Donald Richberg to speak on NRA policy; the indirect result was the creation of General Johnson as a national figure of second importance only to the President, from a publicity standpoint. Michelson, more than any other person, was responsible for General Johnson's acceptance of the Newspaper Code with a clause setting forth the Constitutional rights to freedom of the press. This move, without doubt, was an important factor in maintaining a favorable relationship between newspaper publishers, who contested the point bitterly, and the exponents of the New Deal. With NRA affairs in better order, Michelson finally went to Florida for his vacation, a year later than he planned. He is now back in his office with the Democratic National Committee in the National Press Building laying plans for the fall Congressional elections. His most recent blast: a statement saying that Reed's defeat of Pinchot in the Pennsylvania primaries in no way indicated a weakening of the New Deal's following in the keystone state. Until the primaries are over, he will spend most of his time playing cards in the back room of the National Press Club.

As Director of Public Relations for the Democratic National Committee, at a salary of $20,000 a year, Michelson transformed a badly deflated Democratic party into a living organism by injecting high-pressure publicity into its veins. His colleagues in the Washington press corps, who had known him as the *"New York World's"* veteran political correspondent, couldn't believe their ears when they heard that Michelson had joined Jouett Shouse in a barren suite of offices in the National Press building to undertake the task of reviving the Democratic party, which seemed beyond resuscitation in the spring of 1929. John J. Raskob, National Democratic Chairman, financed the project; and Michelson was given a free hand. He was soon manufacturing news studded with big Democratic names. Hardly a subject of national interest was without a statement from some outstanding Democrat, all of them written by Michelson. While James West, the Republican publicity director, had to get a score of OK's on statements he prepared, including that of President Hoover himself, Michelson had no such obstacles to hurdle. Michelson laid the groundwork for a Democratic victory; Howe and Farley made it a Roosevelt victory, since Michelson's backers, Raskob and Shouse, were outwitted at the convention. Michelson, however, was kept at his task, accompanying Roosevelt on his western campaign swing and actively advising the Presidential candidate. Rather than accept a post in the government service, which he most likely could have had, Michelson prefers to continue his work for the Democratic party on his long term contract at $20,000 a year. No government post would have paid him that. His trouble-shooting work at the Treasury, CCC, London Economic Conference and NRA was without compensation from the government.

GEORGE BUCKLEY (*Publicity Adviser to General Johnson*). When Michelson left NRA to tend to some important knitting at the Democratic National Committee headquarters, Buckley was appointed as public relations adviser to the temperamental, bombastic Administrator of the NRA, General Hugh S. Johnson. One-time president of Crowell Publishing Company, publisher of Hearst's *"Chicago Herald and Examiner"* and vice-president of a New York bank, Buckley has the dual assignment of administrating the Newspaper and Graphic Arts Codes and aiding the General on publicity policy. He apparently has not been able to dissuade the General from his rather bad habit of calling newspapermen on the carpet when they write stories which do not meet his standards of "accuracy," sometimes suggesting that he may tell their bosses and they might get fired. Buckley is the General's fourth public relations adviser since NRA was started a year ago. Boaz Long, Latin American diplomat in the Wilson Administration and public relations man for N. W. Ayer & Son, was first called on the scene to organize NRA's public relations division. Within a month Long was switched to other tasks and Charles F. Horner, long-time chautauqua organizer, chief of the speakers' bureau during Woodrow Wilson's campaigns in 1912 and 1916 and director of Liberty Loan oratory, was called from his music conservatory at Kansas City. The NRA confusion became unbearable by August and the old master himself, Charley Michelson, was brought in to play a few harmonious chords to soothe the Blue Eagle.

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WILLIAM V. LAWSON (*Chief of NRA Press Section*). Two weeks before the National Industrial Recovery Act was passed by Congress, Lawson was on the job setting up the press relations machinery for NRA. Despite frequent changes of directors in the public relations division, he has continued as the active head of the New Deal's largest publicity unit. His staff now numbers thirty, including a thoroughly trained corps of newspapermen to collect, write and edit NRA "handouts" and the secretarial force necessary to mimeograph, mail and disseminate the product. When the Blue Eagle was soaring last summer, the staff numbered as high as fifty. Among the press agents of the alphabet agencies, he deserves the No. 1 ranking. With a background of twelve years with the *"Chicago Tribune,"* six of it as Washington correspondent, and a stretch with N. W. Ayer & Son handling Ford publicity, he has a firm grasp of both the newspaper and publicity technique. His staff is organized like that of a daily paper with eight "reporters" (among them Clarence Peter DuBose, formerly UP's man in London and Tokio and AP's bureau chief at Mexico City and Madrid; and Laurence M. Benedict, erstwhile UP and Scripps-Howard man) to cover code hearings. William B. Hassett, veteran Washington publicity and newspaper worker with the *"Washington Post," "Philadelphia Public Ledger"* and Associated Press, serves as "city editor" of NRA. W. Bruce MacNamee, one-time Hearst employee, public relations man for N. W. Ayer & Son and Director of Exploitation for the Cord Mayer real estate interests, is assistant to Lawson. Their executive assistant is Miss Marshall Coles, clever publicity and advertising woman and an expert on fine printing.

Lawson has directed the preparation of NRA's news release "handouts" (now numbering more than 5,200); radio speeches for all speakers except Johnson, Richberg and the President; subjects for motion picture news reels; a weekly "clip sheet" for the lazy editors of hundreds of rural and small town papers; and a daily press digest of NRA news from forty major newspapers. The weekly "clip sheet" even contains a boxed "editorial suggestion," so if your favorite rural paper carries an editorial on NRA, it more than likely has been written by NRA's own staff of press agents. As Michelson learned when he was turning out the Democratic campaign publicity, small town editors wield wicked shears when it comes to cutting out these choice morsels from the "clip sheets" and sending them to be set up in type. The NRA's weekly "clip sheet" has been used extensively throughout the country. It has been well written and, while no stories unfavorable to NRA can be found in some representative samples examined, the whole project has been free from what Steve Early would call "propaganda." But then, after all, perhaps the best definition of "propaganda" is that it is "publicity which the other fellow is putting out."

The NRA has been accused of exercising a press censorship on three occasions, despite General Johnson's insistence that all business will be "done in a goldfish bowl." It is true that minor officials have been kept from discussing policy matters, a right reserved for the General himself. It is likewise true that a guard was placed over the mimeographing room in which the huge document resulting from the Darrow-Johnson row was being turned out, chiefly to keep some aggressive newsman from scoring a *clean* "beat" on all his competitors. Aside from these instances, the opaqueness of the famous "goldfish bowl" can be ascribed to the jittery condition in which reporters find themselves after wrestling with the traveling salesmen's code or the code for buttonhole makers or some other equally interesting subject. Lawson's salary: $6,120.

NORMAN WASHINGTON BAXTER (*Reconstruction Finance Corporation*). One of the stars of the Democratic National Committee's public relations staff who have been assigned key positions in the New Deal's publicity organization, Baxter handles all press contacts on news developing out of the RFC, including Jesse Jones's many, many speeches. Baxter was formerly managing editor of the *"Washington Post"* and spent more than a decade in the London and Washington bureaus of the *"Philadelphia Public Ledger."* He handled Governor Ritchie's publicity before the Chicago convention and directed the Washington publicity office of the Democratic National Committee while Michelson was in New York. Had Ritchie obtained the nomination at Chicago, Baxter would have been in line for the White House Secretariat. He was Early's choice for the RFC post.

ROBERT MOORES GATES (*Department of Justice*). Another former member of the Democratic National Committee's publicity staff who has been appointed to a government press post, Gates combined his Democratic propaganda job with acting as Washington correspondent for the *"Florida Times Union"* before coming to the Department of Justice. He is a veteran Washington newspaperman, having spent 25 years as Washington correspondent for the *"Memphis Commercial Appeal."* The Department of Justice, seldom an important news source under previous administrations, has taken on new life from a publicity standpoint since Gates has been on the job. The extension of interstate crime laws has produced numerous stories of national interest. His biggest story of the season, the Attorney General's proceedings to obtain a grand jury indictment of Andrew W. Mellen, turned out to be a political boomerang.

ALFRED D. STEDMAN (*Agricultural Adjustment Administration*). Head of the government's second largest publicity set-up with a staff of from 15 to 20 persons, Stedman is the highest paid public relations man outside the White House Secretariat. His stipend is $9,800 a year. Having spent years as Washington correspondent and editorial writer for the *"St. Paul Pioneer Press,"* he is well acquainted with and sympathetic to the interests of the Bellyache Belt, but he has had difficulty living down his ill-timed denials and circumlocutory statements on published accounts of some early phases of the AAA program. The Associated Press's clean scoop on the cotton and wheat processing taxes, which knocked the bottom out of the market in those commodities, was met by one of Stedman's circumlocutions which characterized the report as "premature" and intimated that it was without foundation. The market placed faith in the AP report and showed no signs of rising when the AAA finally put out its "official" release, which was almost identical with the AP's story. Stedman was selected for the AAA press section post by George Peek, but was elevated to his present position as Director of Information by Chester Davis, Administrator of the AAA, after the smoke had cleared from the Peek-Tug-

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well-Davis fracas. His chiefs, Davis and Wallace, are both veterans of farm newspaper editing.

They handle newsmen with agility, carefully noting that their "asides" are "off the record," a precaution which Tugwell recently neglected when he answered a request for comment on Senator Smith's holding up his appointment as Under Secretary of Agriculture by replying: "You couldn't print what I'd say about the Senator." The remark got into print and Tugwell into more hot water. Nothing short of a constituent's appointment as United States Marshal could assuage the Senator's feelings.

PAUL PORTER (*Chief of AAA Press Section*). This lanky, likeable Kentuckian has done much to take the early curse off AAA press relations through his friendly, helpful, courteous handling of requests made by newspapermen assigned to the AAA. Formerly editor of farm papers in Oklahoma and Georgia, he is thoroughly informed on cotton problems and came to Washington before the Agricultural Adjustment Act was passed to handle cotton program publicity. He is responsible for the amendment to the Act which made it possible to publicize price and production predictions. The amendment circumvented a previous restriction, growing out of a heated Congressional investigation in 1926, which would have made it a felony to tell the farmers that they might expect 5-cent cotton unless they came under the AAA cotton program. Porter had no desire to spend any time in the penitentiary, yet he realized that such price and production predictions would be necessary to his publicity program. The "Porter Amendment" (as his friends jokingly call it) was written on the back of an envelope in a cab headed for Capitol Hill. With E. R. McIntyre (Dairy publicity expert) and Arthur T. Thompson (Corn-Hog publicity specialist), Porter turned out radio speeches and publicity news releases like doughnuts from a Salvation Army canteen during the early stages of the three major AAA programs. The speakers seldom saw their speeches until they connected with them at the broadcasting studio. On one occasion Porter rushed to the studio with a speech he had prepared for C. A. Cobb, Chief of the Cotton Section, just as Cobb was to go on the air. Written and timed for Cobb's usual drawl, the excited speaker reeled it off in half the time allotted. Before Porter could realize what was happening, the bewildered announcer was introducing "another expert from the AAA who will give us the latest news on the cotton situation, Mr. Paul Porter." He was equal to the occasion and, just to prove something about the fickle radio audience, his fan mail exceeded Cobb's.

MILTON S. EISENHOWER and **CHARLES E. GAPEN** (*Department of Agriculture*). With the AAA in the role of the tail that wags the dog, these two old-timers, whose appointments date back into the Harding and Coolidge administrations, have been somewhat eclipsed by the fireworks of the New Deal's press agents in the AAA. Gapen has kept up his prolific production of news releases on scientific investigations of particular interest to farm papers, an important service of the Department of Agriculture for nearly a quarter century. The Department has long had one of the most extensive systems for getting its "handouts" printed through the use of field workers in nearly every county to call on the local editor and enlist his aid. The system has been used to the limit by the new AAA press agents who have adapted it to their needs in publicizing the major agricultural programs of the New Deal. The Department's prosaic "handouts" on scientific subjects seldom reach print in metropolitan papers unless some Congressman calls attention to such a classic study as "Where the Sheets Wear Out."

HERBERT GASTON (*Treasury Department*). When Henry J. Morgenthau, Jr., moved into the office of Secretary of the Treasury, he brought Herbert Gaston with him as the Treasury's first press agent. He got off to a bad start when Morgenthau, who has been traditionally suspicious of newspapermen, issued an order making it necessary for all information to clear through Gaston and closing up direct contact of the press with Treasury officials. Coupled with an order put out by a clerk which directed all Treasury guards to stand and salute when the Secretary passed, the press corps had the makings of a Roman holiday. A telegram of protest to the President at Warm Springs put Steve Early into action to soften the well-intentioned, but badly executed, order. It's just such little troubles as this which a smart public relations man can save his chief. Multiply a few slips like this by two or three and your favorite Washington correspondent will be leaving with you, written between the lines, the impression that the U. S. Treasury is about to collapse. Gaston, with ten years' experience on the desk of the old *"New York World,"* went to Albany with Morgenthau in 1931 as press agent for the New York State Conservation Commission. When Morgenthau went to Washington, Gaston assisted him, successively, as secretary of the Federal Farm Board and Deputy Governor of the Farm Credit Administration before going to the Treasury.

HAROLD F. AMBROSE (*Postoffice Department*). Two kinds of news come out of the Postoffice Department, the latest political machinations of Big Jim Farley and notes on the government's biggest and most costly business enterprise, the postal service. Ambrose, who formerly combined publicity work with his reporting for the *"Boston Transcript,"* had an opportunity to weave both politics and postal news into his biggest story of the year: cancellation of the air mail contracts. Judged now as an Administration blunder, Farley's cancellation looked like a *coup de maître* for the politically minded Postmaster General in the early stages of the story; and Ambrose made the most of it. More recently he has prepared from six to ten "handouts" a week "designed to build up the air mail service," which was badly damaged by the cancellation. Ambrose will have a major part in carrying out the Postmaster General's proposed plan to spend $100,000 in promoting development of the air mail "through billboard advertising, radio programs, magazine stories and lots of newspaper publicity." Ambrose is an abler press agent for Farley and the Postoffice Department than Isaac Cregg, the civil service man appointed by a previous administration, who was sidetracked for the Farley appointment.

STUART GODWIN (*Interior*) and **MICHAEL STRAUSS** (*PWA*). Before Secretary Ickes came to the Interior Department and appointed these two capable press agents and their staffs, Washington newspapermen looked upon this department as a news source with about

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as much favor as they did local museums. Godwin was on the Washington staff of Hearst's International News Service and Strauss was with Hearst's Universal Service as Washington correspondent for the *"Chicago Herald and Examiner"* when Ickes was appointed. Both have had long careers in newspaper work. Mr. Ickes's expenditure of the $3,300,000,000 public works fund has manufactured news of interest to every section of the country and Strauss has used a staff of seven, including two photographers, to tell the story by word and picture. Godwin has had the part-time aid of two of AP's most promising young staffmen: Roy Hendrickson, now in the Subsistence Homesteads Division; and Don Kirkley, now in the Petroleum Administration. Both resigned from AP to take a hand in the New Deal.

CHARLES FITZGERALD (*Department of Labor*). An able publicity worker for the Democratic party in the Women's Division of the National Committee in New York, Fitzgerald drew the assignment as press agent for America's first woman cabinet member and the Department which she heads. Despite her hatred of publicity on her personal affairs and the constant references to her three-cornered hats, Secretary Perkins has won over interviewers by her authoritative handling of a wide range of subjects. Fitzgerald spent ten years on the old *"New York World"* and seven years on the *"Washington Post,"* later editing news reels for five years. Before working in the Democratic campaign, he spent some time interviewing "stuffed shirts" for the North American Newspaper Alliance.

STANLEY RICHARDSON (*Veterans' Administration*). Holder of an important post in Military Intelligence during the World War and the $15,000-a-year director of publicity for the Power Trust (Before Insull's Crash), Richardson is the new public relations man in the Veterans' Administration. Mrs. Inez M. Pugh, a holdover appointee, continues to handle routine "handouts," but Richardson is the New Deal's representative. His ability as a press agent is undisputed.

EDWY B. REID (*Farm Credit Administration*). Formerly employed as public relations director by the group of bankers interested in the Federal Land Banks, he moved into the post of Director of Information for the FCA when the land banks were brought under the New Deal legislation. Reid acted as Director of Information in the Department of Agriculture during the Wilson administration.

W. L. STUDEVANT (*Tennesee Valley Authority*). One of the Roosevelt Administration's frankly promotional projects, the TVA and EHFA utilizes the services of the New York advertising agency, Young and Rubicam, for trade surveys and promotional planning. Sturdevant resigned as editor of *"Louisville Herald Post"* to become Director of Information and Press Relations of TVA, with headquarters at Knoxville. Another former Scripps-Howard man, Forrest Allen, is press agent for the EHFA at Chattanooga, while George O. Gillingham, formerly managing editor of the *"Pathfinder,"* is the Washington press relations man for TVA.

PAUL J. CROGHAN (*Department of Commerce*). Herbert Hoover's ardent interest in the Department of Commerce was so closely associated with Croghan's routine publicity activities for his former chief that everyone had forgotten Croghan was appointed during the Wilson administration. An affable, efficient worker, Croghan's able services were called to Early's attention through a petition signed by prominent members of the Washington press corps. He has been retained in his old post, although the NRA (like the AAA) has become the tail that is wagging the dog. Other press contact men on routine assignments retained in posts which they held under Republican administrations include: Herbert E. Morgan and Frank Wisner for the Civil Service and Radio Commissions, respectively.

GUY McKINNEY (*CCC*) and **MORTON MILFORD** (*FERA and CWA*). Their jobs are to keep down the number of brickbats which can be hurled at the New Deal's three principal relief agencies. McKinney, formerly Washington correspondent for the *"Chicago Tribune,"* succeeded Michelson after his short stay in CCC public relations. Milford was assistant to the director of public relations of the Democratic National Committee during the 1920 campaign and has spent twenty-five years in newspaper and publicity work.

THEODORE H. TILLER (*Federal Home Loan Bank Board*). Erstwhile political writer for Munsey papers and more recently Washington correspondent of the *"Atlanta Journal,"* he has one of the New Deal's less important publicity posts.

MICHAEL JAMES McDERMOTT (*Department of State*). As chief of the Division of Current Information in the Department of State, McDermott accompanied the American delegation to the London Naval Conference in 1930. He was kept in Washington on routine tasks, however, when the Roosevelt Administration sent its delegation to the London Economic Conference. Michelson, the No. 1 public relations man, was sent abroad for the 1933 conference. Confidential clerk to General Tasker H. Bliss during the World War, McDermott has never developed his understanding of press relations beyond that of a clerk. Clerks may have been all right for the staid diplomatic service's press relations during previous administrations, but under the New Deal it takes a well-trained political press agent to fill the bill.

MEN IN GENERAL

THE PRESS AGENTS of the New Deal, with few exceptions, are capable men with backgrounds well founded in newspaper and publicity experience. Little consideration has been given to men who have not demonstrated their ability to produce either during earlier publicity connections with the Democratic National Committee or in Washington newspaper and publicity work. It is a department of the Roosevelt Administration which cannot afford to have weaklings on the job, for too much of the New Deal program depends almost wholly on favorable public reaction built up through the press, the radio, the news reel and other media of publicity.

Three factors have been highly favorable to the Roosevelt Administration's building up of a government publicity organization beyond anything ever conceived by previous administrations. First, the emergency legislation placed funds at its disposal which previous administrations would have found impossible to obtain under the closer scrutiny of normal Congressional investigation of expenditures.

(*Continued on page* 61)

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The Island the World Forgot

Although a king has rendered what was supposed to be a final decision in a century old dispute over the possession of a dot of coral in the Pacific, Mexico is about to resume the arugment. From records never before published, the writer tells for the first time in detail the story of a tragic incident when for a little while the island was completely forgotten.

By C. Edward Morris

THE nose of the United States gunboat *Yorktown* thrust its way through the quiet waters of the harbor of Salina Cruz, on the Pacific coast of southern Mexico, and glided to a full stop.

The rattle of the anchor chain running out roused the motley waterside population of the town from its habitual lethargy and brought them excitedly to the waterfront to stare in wonderment at the foreign craft.

"¿Que pasa? ¿Que pasa?" chattered the crowd as the ship's gig, manned by bluejackets, was lowered over the side of the gunboat. Similar Spanish equivalents of "What's up?" rose in a crescendo as this boat pulled alongside a rickety wharf and disclosed three Mexican women and eight brown-skinned children, ranging in age from eight to fifteen years, huddled among Uncle Sam's uniformed sailors.

Who were these countrymen of theirs coming ashore from a foreign warship? Why were they so lean and bedraggled? What made the women shake with weakness as they reached trembling hands toward the ladder leading up to the dock? What remembered horrors shadowed their eyes so deeply?

They were the sole survivors of a goodly colony established years before on Clipperton Island—"The Island The World Forgot"—where the fathers and husbands of every one of them had perished.

Those fathers and husbands, as well as the rest of the adult male population of the island, including a Mexican Army garrison and the employes of a company working guano deposits there, died from starvation, drowning and scurvy.

They met death for the amazing reason that a supply ship which was supposed to call at Clipperton Island with stores every four months had failed to make a single trip to the remote island for more than three years.

Exactly how and why the Clipperton colony came to be abandoned to a terrible doom by those who established it, and who were responsible for its welfare on an island more than 600 miles offshore from Mexico's Pacific coast which was known to be quite incapable of supporting human life, is difficult to explain.

But, whatever the explanation, the fact of that abandonment is incontrovertibly established. The grim story is authentically set forth in hitherto unpublished reports made to the Navy Department by the commanders of the United States gunboats *Yorktown* and *Cleveland*.

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Those reports, quoted here, unfold a story as stark as any conceived by any island romancer in his tales of Man's fight against hostile Nature in primitive lands. One blunt sentence in one of the reports furnishes a vivid glimpse of the horrors through which the colonists lived on their lonely perch above the Pacific waves during the three terrible years that their very existence was forgotten by the outside world:

"They had one cocoanut a week for the entire eleven to ward off scurvy."

The quotation is from the report made to the Bureau of Navigation by H. P. Perrill, commander of the *Yorktown*. Writing from Salina Cruz the day he landed the eleven survivors of the colony, Commander Perrill said:

"This vessel, cruising in pursuance to orders issued by the Commander, Patrol Force, Pacific Fleet, visited Clipperton Island. The landing party, in charge of the Executive Officer, found the following women and children, subjects of Mexico, in destitute condition, who begged that they be taken away from the island, viz.:

	Age
Señora Alica R. de Arnaud	29
Ramon de Arnaud	8
Alicia de Arnaud	6
Lydia de Arnaud	4
Angel de Arnaud	2
Tirza Randon	22
Guadelupe Cardona (daughter of Tirza Randon)	2½
Altagracia Quiroz (maid to Señora de Arnaud)	22
Rosalia Nava	15
Francisco Irra	12
Antonio Irra	6

(The last three are orphans of Mexican soldiers.)

"After careful consideration of the circumstances, I decided that dictates of humanity required me to bring them to Salina Cruz, and accordingly took them on board as passengers, landing them at this port yesterday, the 22nd inst.

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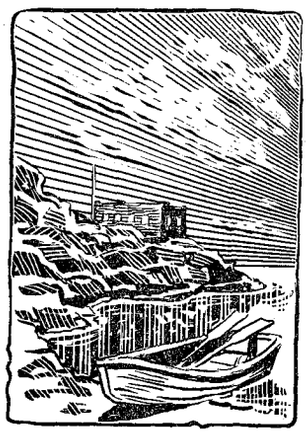

"The pitiful story as I was able to gather it through rather indifferent interpreters is as follows:

"The Pacific Phosphate Co., Ltd. (woman in doubt), of San Francisco, California, obtained a concession from the then Mexican government to work the guano deposits on Clipperton Island, and to establish a colony for the purpose about 1905.

"The Mexican Government gave its official sanction by maintaining a small garrison on the island, the Commanding Officer of which acted as Government Inspector. For a number of years past this officer was Captain Ramon de Arnaud, of the Mexican Army, apparently a highly educated, trained officer. In 1908 he took his bride with him.

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"Communication with the mainland was maintained fairly regularly until 1914. Early in 1914, Captain de Arnaud, with his wife and children, arrived on the island for the last time.

"The vessel that carried them there was the last supply ship that visited the island.

"A short time afterward the American schooner Nokomis was wrecked on the island. A boat with four of her crew reached Acapulco and acquainted the world with her mishap. The *U.S.S. Cleveland* visited the island, in June, 1914, to bring away the remainder of the crew of the Nokomis, which included the captain's wife and two children.

"Captain de Arnaud sent away by the *Cleveland* Gustav Schulz, agent of the guano company, with his wife and child, in the belief that Schulz had lost his mind.

"No one else left by the *Cleveland,* as at that time there was no apprehension of disaster.

"The *Cleveland* was the last ship that visited the island until the *Yorktown* came.

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"There is no vegetation on the island except a few uncertain cocoanut palms. The colony had a few pigs and chickens and could secure fish from the lagoon of the island. Gannets, gulls and other sea fowl breed on the island and are to be found by the thousands.

"After the *Cleveland* left the colony numbered about thirty souls.

"Early in 1915 their provisions were exhausted. Scurvy broke out among them and they began to die rapidly.

"In May, Captain de Arnaud, in a desperate effort to obtain relief, left the island in a small row boat with the only three men able to pull an oar.

"They have never been heard of since. Weakened as they were by scurvy, and unable to carry adequate supplies, they undoubtedly perished at sea.

"When the number left alive had been reduced to within the available supply of cocoanuts the ravages of scurvy were checked. At the time of the *Yorktown's* arrival the above-listed persons were the only survivors. For more than two years they had subsisted on the flesh and eggs of the gannets and gulls, varied by a few fish and chickens. They had no way of killing the pigs, which had a precarious existence themselves. They had one cocoanut a week for the entire eleven to ward off scurvy. Considering their food supply, they were in remarkably good health.

"By a fortunate circumstance I was able to send advance notice of our expected arrival here to the British Consul, Mr. William Wiseman, also in charge of American interests, and through him to acquaint Señor Felix Rivera, father of Señora de Arnaud, with the fact that his daughter was still alive and on board the *Yorktown.* Mr. Wiseman was able to make all necessary preliminary arrangements with the Government officials for the expedition's landing of the party, and they were landed shortly after our arrival in care of Señor Rivera.

"The officers and crew voluntarily raised a fund of two hundred dollars for the relief of these poor people, which has been intrusted with Mr. Wiseman for distribution among them as their necessities may require.

(signed) *H. P. Perrill."*

The formal, official language of the report does not enlarge upon the nightmarish struggle of the colonists during the three interminable years they were forgotten by the world. Commander Perrill does not mention that a month after Captain de Arnaud and his companions were drowned a tropical hurricane swept over Clipperton, destroying many of the flimsy structures in which the colonists lived. Too weakened by hunger, disease and despair to rebuild extensively, the colonists lived largely in the open for some time thereafter, foraging for food and shelter almost like wild animals.

Nor does his report refer to a period toward the end of the survivors' ordeal during which the three women finally rescued were forced to do the bidding of a half-mad despot, a Negro lighthouse keeper, the last adult male survivor, who made himself King of Clipperton by cornering all the firearms and forcing the others to obey his every command.

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But that macabre chapter in the history of the island is freely told in towns up and down the Mexican coast between Salina Cruz and Acapulco, the homes of the families whose relatives are buried on Clipperton.

The local version is that, shortly before the arrival of the *Yorktown,* one of the women, mastering her fear of the Negro, crept to the hut where the tyrant slept and crushed his skull with the blunt end of an axehead. Whether that lurid detail is true or not the writer does not know, and at this distance, measured in miles and years, it is difficult to check upon its authenticity. There is no record in Salina Cruz of any criminal proceedings against the woman who the story says swung the axe.

Appended to Commander Perrill's report to Washington was a copy of a report made to him by his navigator, part of which is quoted here because of the graphic picture it presents of the scene of the tragedy:

"This afternoon I landed in the ship's gig on the sand beach at the eastern end of the island. The sea was moderate from the South. A slight surf was breaking on the beach, but no trouble was experienced in making a good landing through it or in getting off again.

"The remainder of the northern side of the island is not fit for landing on account of the very dangerous coral reef

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which extends completely along it about a hundred yards off shore.

"The landing place is marked by a couple of small huts, the wreckage of an old sailing vessel and about 200 yards to the right a tall, conspicuous coco palm. Referring to H. O. chart No. 1680, the wreck of the *Kingora,* shown there, has disappeared as have also the houses on the northern part of the island.

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"On the southwestern side of the island there is quite a collection of houses in the vicinity of the place marked "Flagstaff." A wharf extends part way across the coral reef but is not long enough to be of any use for landing purposes. There is about 300 yards of small car track extending from the wharf to a large storehouse, where a gasoline boat of fifty-foot length is stored. There are a number of boats in a boat shed on the lagoon directly across from the wharf. There is also considerable machinery for the concentrating of guano about the establishment. But all the houses, boats and machinery are in dilapidated condition.

"The light is established, as shown, on Clipperton Rock, but it has not been tended for a long time and there is no keeper. There are three huts at the base of the rock on the eastern side.

"The island is nearly level, with the exception of Clipperton Rock. The atoll is literally covered with nesting gannets. Four or five different species were noted.

"Between the nests, and about the rim of the lagoon, millions of land crabs crawl. At a distance they give the lagoon the appearance of having an orange-colored rim. It is impossible to walk without stepping on crabs.

"On Clipperton Rock thousands of noddies nest. The noddies are a sooty black specie with a white crown, supposed to be peculiar to the islands in this section of the ocean. They lay their eggs in shallow depressions in the rock that they first line with green algae. A single egg was all that was noted in any of the nests and it was as large as a bantam egg. The rock itself is an ideal place for birds to nest, since it is caverned and caved and cleft and hollowed into innumerable shelves and depressions.

"Access to the light is easy by climbing the rock, or by the series of wooden ladders that have been rigged up the steeper places. The light is fixed on a concrete pedestal a few feet high.

"A dozen or more pigs roam the island. They seem to live principally on land crabs, but in spite of the abundance of such food, they are very skinny and lean.

"There are several cisterns on the southwestern part of the island where the houses are. On the northeastern side of the island, near the boat landing, there are several old metal boats sunk in the sand for catching water. They were full.

"On the eastern side of the island, about midway between the boat landing and the rock, there is a cemetery with about twenty wooden crosses in it.

"No grass grows on the entire island.

(signed) *R. E. Kerr.*"

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A report made by Commander Williams of the *U.S.S. Cleveland* to the Commander of the Pacific Fleet on June 27, 1914, is devoted chiefly to recounting the rescue from Clipperton in that year of the shipwrecked crew of the schooner *Nokomis,* a dramatic enough tale in its own right.

It also contains some enlightening references to the circumstances of the guano colony, three years before its remnants were rescued by the *Yorktown,* which are quoted here to complete the record:

"Before sailing" (from Acapulco to Clipperton to take off the marooned crew of the *Nokomis*), says the report, "I notified the British Vice Consul; and the agents of the Pacific Phosphate Co., Ltd., of London, sent off 200 packages of stores for their agent on Clipperton Island (Gustav Schulz), which I understood had to furnish the garrison, consisting of two officers and eleven men of the Mexican Army and their families, with food. . . ."

"During the afternoon received on board the persons referred to in the first paragraph (members of the *Nokomis'* crew), together with G. Schulz and his family, the agent of the Pacific Phosphate Co., Ltd., of London, E.C., consisting of three people in all, passengers of Acapulco.

"Upon inquiry it was found that the garrison were in no immediate needs, having on hand provisions for three or four months, consisting of dried meats and hard bread. It was said that these, together with the stores landed from the *Cleveland,* will subsist them probably for five months."

It was June 26, 1914, that the *Cleveland* sailed away from Clipperton and it was July 18, 1917—more than three years later—that the *Yorktown,* next vessel to visit the island, arrived there.

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There is one circumstance connected with the tragedy on Clipperton Island calculated to make the high gods rock with sardonic mirth. At the very time when scurvy and starvation were ravaging the marooned colony, frock-coated diplomats in Paris, Rome and Mexico City were disputing the ownership of the pinpoint of land on which men were dying like trapped flies.

That argument, begun between France and Mexico in 1897, has been going on now for more than a third of a century. It is still unsettled, although King Victor Emmanuel III of Italy, arbiter of the dispute, handed down an award on February 3, 1931, giving France sovereignty over Clipperton.

Ironically enough, when Count Manzoni, then Italian Ambassador to France, called at the *Quai d'Orsay* to inform the French Government of the decision finally reached by King Emmanuel—after twenty-three years of deliberation—he had difficulty finding any official who had ever heard of Clipperton! A hurried search of the musty archives at the French Foreign Office disclosed the location and history of the island, although the official dossier contained no reference to the fact that it had become the graveyard of a forgotten colony. The same evening instructions to claim sovereignty for France were cabled to the French envoy to Mexico.

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Emmanuel's award has not yet been given effect, however, because it involves amendment of the Mexican Constitution. Before the French tri-color can be raised above the wooden crosses in the island's rude cemetery the legislatures of nineteen of the twenty-eight states composing the republic south of the Rio Grande must approve repeal of an article in the Constitution which prohibits cession of any national soil to another country.

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When the Mexican Congress convenes it may, or may not, submit to the states the question of surrendering Clipperton to France in fulfilment of Emmanuel's award of more than three years ago.

How many men perished on Clipperton while diplomats disputed ownership of the islet cannot be exactly ascertained at this time and distance from the tragedy. The highest total of victims given in the Mexican press places the original population of the island at 100. As only eleven were saved, that figure, if correct, would mean that eighty-nine perished there.

The lowest figure mentioned as the population of the colony at the time the *Cleveland* sailed away is thirty, given in Commander Perrill's report. The landing party from the *Yorktown,* Kerr's report says, counted "about twenty" graves.

All those who perished as a result of the colony's inexplicable abandonment are not buried on the island. Captain de Arnaud and his three companions are known to have been lost at sea in their desperate effort to cross, in a row boat, the 650 miles of open water separating the colony from the mainland.

The mystery of why the supply ship failed to make its scheduled trips to the island will probably never be explained. The most plausible among many speculative explanations appears to be that the men who formed the Pacific Phosphate Co., Ltd., of London and San Francisco, enlisted in the British Army and met death on the battlefields in France, thus shedding responsibility for the lives of those on the island. Or it may be that the series of revolutions in Mexico, and the turmoil into which the world was thrown by the European war, hold the key to the mystery of "The Island The World Forgot."

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The explanation of how the story of the grim drama was so completely lost that it has never been published in the American press is far simpler:

It was July 22, 1917, when the *Yorktown* set ashore at Salina Cruz the handful of survivors whose eyes were still shadowed by the horror into which they had looked for those three dreadful years.

Moreover, the *Yorktown's* report of the rescue reached the Bureau of Navigation in Washington on August 13, 1917, four newsful months after the United States had decided to throw her weight into the scales in support of the Allies.

At that time the great powers of the world were locked in a death grapple on the western front and German siege guns were hammering at Paris. Harassed newspaper editors, busy assembling a clear record of the carnage in Europe from the deluge of dispatches pouring across their desks, could find no space to chronicle the fate of a few dozen Mexicans who met death in some obscure manner on a Pacific island of which they had never heard.

Washington correspondents, into whose hands the story would normally have come through routine coverage of Navy Department news, were equally overworked trying to record the convulsions of a world gone mad with war. In their hectic rush to relay to their home offices official communiques from "Somewhere in France" they could not be bothered with an improbable yarn from "Somewhere in the Pacific" which in peace times would have been worth a lively column or two.

So there was added to the unwritten annals of forgotten places the story of the drama enacted on Clipperton Island, here resurrected from Navy Department files to be told for the first time in any detail.

The island on which the majority of an abandoned colony died while France and Mexico solemnly debated its ownership is a mere coral footprint lost in the watery wastes between Panama and the Marquesas. To the handful of cartographers who have ever heard of its existence it is known as Clipperton Island. The official Mexican name is Isla de la Pasión (Passion Island). But on the neighboring mainland it is always called "The Island the World Forgot."

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A pinnacle of loneliness in the immensity of the Pacific, visited by none but the wheeling sea birds that nest upon its white rock, which rises sixty-seven feet above the waves on the island's southern rim, it lies 850 miles due south of the southern tip of Lower California in Latitude 10 degrees 13 minutes North and Longitude 109 degrees 10 minutes West. This is well to the south of the trade route from Panama to Hawaii and far to the north of the route from New Zealand to Central America.

It is an atoll, shaped like an irregular letter "O," three and a half miles long by two and a half wide, raised by coral insects from the floor of the ocean to a level a few feet above the tides. Its brackish lagoon has a maximum depth of sixty-seven fathoms.

Wary shipmasters give Clipperton a wide berth. They do not like to approach its dangerous reef because the ocean floor lies miles below and the sounding line can get no bottom until a vessel is directly on top of invisible hazards. Barren, dangerous, enormously lonely, from a distance resembling a white sail upon an empty horizon —such was Clipperton when Cortes's captains first sighted it in 1523, and such it remains today.

The man whose name the island bears is said to have been a lieutenant of Dampier, the great English buccaneer, although there is no proof that he ever set foot upon its coral strand. Clipperton was not formally "discovered" until November 17th, 1858, when Lieutenant Coet de Kerveguen, scion of one of the oldest houses of Brittany, commanding the French frigate *Amiral,* landed there and hoisted the Imperial colors of Napoleon III.

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The French claim to sovereignty was based largely upon this "occupation" of the island. Mexico argued that it was an isolated incident, not made known to the world, adding that during the following thirty-nine years Clipperton was uninhabited.

The Mexican contention, throughout the dispute with France, was that the island originally belonged to Spain, having been discovered by Cortes, and that it passed to her as part of the national territory at the time of her liberation from her Spanish conquerors.

In 1865 Paris still regarded the island as a French possession. France was at that time the *de facto* sovereign of all Mexico. Even after the failure of the abortive attempt to set the Austrian Archduke Maximilian on the throne of the Montezumas a French army of 35,000 was in control of the country.

But with the close of the Civil War the United States sent France one of the sharpest notes ever exchanged by

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nations, invoking the Monroe Doctrine. It reminded France that the large United States Army was still under arms. The French withdrew from Mexico.

More than thirty years later, in 1897, the French man o' war *Du Gay Trovain,* cruising in the Pacific, found the American flag floating over a handful of rude huts on Clipperton. Paris protested to Washington, which repudiated the American "occupation." The Stars and Stripes were lowered and the tri-color of the French Republic raised in their place.

A few months later in the same year the Mexican gunboat *Democrata* visited Clipperton Island. An Englishman, a German and an American found living there were ordered to leave and the Mexican flag was raised where the tri-color had once flown.

Porfirio Diaz, then ruling Mexico with an iron hand, flouted France's claim to sovereignty and established a small Mexican garrison on Clipperton. He flatly stated that French pretensions to the island could not be seriously considered.

In January of 1898 the French envoy to Mexico notified the *Quai d'Orsay* that a Mexican warship had formally taken possession of Clipperton. He forwarded to Paris a copy of the Mexican Official Gazette in which the Diaz government proclaimed that the island was an integral part of Mexico.

Then began an exchange of diplomatic notes between Paris and Mexico City that continued for ten years. French and Mexican publicists vigorously seconded official arguments, often with little regard for the facts involved in the dispute. The French press was outspoken in suggestions that the United States was furthering Mexico's refusal to admit French sovereignty.

It was not until 1906 that guano deposits, one of the most valuable of fertilizers, brought predatory man to Clipperton's inhospitable shores to establish homes on the island. In that year Mexico, as evidence of her sovereignty *de facto,* granted the concession to develop the guano deposits and established a permanent military garrison on the island. The concession provided that the company should be responsible for maintenance of the garrison.

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Mexico and France agreed in 1907 to submit their long-standing dispute to an arbiter and began negotiations over selection of a referee mutually acceptable to them. They agreed upon the Hague Court; but that body declined to adjudicate the matter.

In 1909 King Victor Emmanuel III, of Italy, reluctantly consented to act as referee and the disputants bound themselves to abide by his ruling, from which they agreed there should be no appeal. Mexico immediately submitted a brief in support of her claim to Clipperton. But France delayed year after year the marshalling of her arguments; the search through the files of the *Quai d'Orsay* for documents supporting the French claim was certainly a slow, and perhaps a desultory, one.

When Emmanuel's award was finally handed down, it appeared that the protracted dispute could not continue further and that the "Clipperton case" would lapse into oblivion with other equally unimportant diplomatic tiffs. *"Finis"* appeared to be written to the matter when Genaro Estrada, then Mexican Foreign Minister, named a board on November 18th, 1931, to "study" Emmanuel's ruling. His action was regarded as simply one of those formalities without which no nation takes even the slightest step affecting its boundaries.

But it was almost a year later—on November 9th, 1932—before the foreign affairs committee of the Mexican Senate, acting on the suggestion made by the board appointed by Estrada, recommended to the Senate that it approve the award of Clipperton to France.

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A second year passed without Congressional action in either house. Then Manuel Tellez, who had become Foreign Minister in the interim, appealed to the dilatory Congress to hand Clipperton over to France. He argued that no course other than compliance with the award was open as Mexico was in honor bound to abide by the ruling from which it had agreed in advance there should be no appeal. This plea by Tellez was the signal for opposition against the ceding of the island to come into the open.

The Association of Genuine Soldiers of the Revolution started a drive to hold up transfer of the island to France, which they said had been made by "Mussolini's First Citizen." They argued that if it had taken Emmanuel twenty-three years to reach a decision Mexico could be at least as leisurely about complying with the award. Some of the Genuine Soldiers publicly voiced a conviction that King Emmanuel's decision had been influenced by Italy's desire for Mediterranean naval concessions from France. They prepared to campaign in the state legislatures against adoption of the necessary amendment.

The Mexican Congress may yet take action to keep the Mexican flag flying over Clipperton. On December 14th, 1932, when it approved the recommendation of its foreign affairs committee that the island be handed over to France, that action was taken over a violent protest by Senator Marte R. Gomez. He declared that cession of the island would be a "mutilation of the national territory which would set up a fatal precedent." He also asserted that, in presenting Mexico's case to Emmanuel, full use had not been made of documentary proof in the time-yellowed archives at Seville (former seat of the Spanish Government) which, he declared, would have established Mexico's claim.

Two days later Senator Ruben Ortiz, of Chihuahua, introduced in the Senate an alternate proposal that Mexico formally admit France's claim to Clipperton but simultaneously repurchase the island. He suggested that some neutral country fix the purchase price and that the money to pay for it be raised by a levy of one day's pay against the salaries of all government officials.

It would furnish an ironic footnote to contemporary history if Mexican functionaries who have never heard of "The Island the World Forgot" should be called upon for contributions to preserve it for their country.

What the future may be of this tiny pawn in the never-ending international poker game played by the diplomats for possession of every square yard of the earth's surface afford a basis for much piquant speculation. Whatever the future is to be, it seems unlikely that Clipperton will be as quickly forgotten a second time during this generation.

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World Powers Afloat, Steaming East

by Wayne Francis Palmer

The navies of the world, where are they, why and what are they about? The answers to these questions, given by this naval authority, supply the background knowledge essential to an understanding of the next naval disarmament conference.

CONVERSATIONS preparatory to the holding of the next five power naval limitations conference are just now getting under way. They begin at a time when the nations that see their economic salvation in controlling, or sharing in a control of, the vast and almost untouched resources and markets of the Orient are building up their naval forces in that sector as fast as it is possible without creating international situations.

The western world, doubtful of its own economic system, turns as it has done through the ages to the exploitation of foreign lands and peoples. The treasures which are offered by the East excite equal cupidity in Great Britain, Russia, France, Italy, the Netherlands, Japan and the United States. Only the Japanese, however, have been unable to disguise their avarice for the untold wealth which lies right at their door.

Oil, coal, iron, gold, silver, rubber, lead, tin: all are to be found in close proximity to one another in unlimited quantities. The market of the teeming millions of India, Indo-China, China and the Malay Peninsula—over one-half of the world's population—are of even greater potential value to the victors in the struggle ahead. The latent trading possibilities of this region hold out a great hope for the idle manufacturing centers of the world.

The native population of this region support their entire families on as little as five or six cents a day. If this standard were increased to that of the most lowly peasants of Europe every factory in the world would be called upon to work at full time for years to come. Were they then to so profit by their emergence from poverty and by the development of their resources that they reached a purchasing power equal to that of the laborer of the United States, the nations which are to win the leading places in the coming war for Far East supremacy would know wealth beyond the dreams of Midas. The prospects of the rewards to be gained are a portent of the titanic struggle which is ahead in the Far East.

For centuries the theater of naval warfare rested in the Mediterranean. To control its waters was to control the sea of the known world. Then venturesome mariners rounded Gibraltar and reached the turbulent waters of the North Sea. For more centuries it shared with the Mediterranean the task of bearing the fleets of the victorious and providing a graveyard for the vanquished.

Marco Polo, returning from Cathay with tales of vast wealth and strange peoples, first engendered in the hearts of the Britons, Spaniards, Portuguese and Dutch the craving to share in these treasures. Columbus and the Americas served only as an incident to delay the march to the East. The modern Marco Polos are the mining engineers, the oil prospectors, the planters, the statisticians and the merchants. Romance has given way to cold columns of figures. The quest for wealth is the only motivating factor in the Far Eastern policies of nations today.

The economic strife will continue to increase in intensity until its blazing forth will in all probability be signaled by the booming of heavy naval guns. The nations sense this and are preparing to meet the inevitable issue. To appreciate fully the certain preparation for conflict which is taking place it is necessary to have a world naval background.

Before the World War, the United States had massed her naval power on the Atlantic. Her naval bases, navy yards and fueling stations lined our eastern seaboard as we looked eastward towards Europe for our natural enemies. We finally did see the ships of Spain steaming across to join our fleet in battle, but before they made contact at Santiago, Dewey had slipped into the almost unknown Philippines and destroyed the Spanish power in the Pacific. We fell heir to her islands and suddenly found ourselves a Pacific power.

During that war the famous forced draught cruise of the OREGON down around South America focused popular attention on the inadequacy of our means for a rapid transfer of our ships from one coast to the other and was the prime factor which led to the construction of the Panama Canal.

Following the World War, we sensed that the principal danger from Europe would come from our meddling in their affairs. We had felt the first rough edges of Japanese diplomacy in her twenty-one demands on China and later at the Peace Conference in her grab of the German Pacific Islands. No sooner had the curtain rung down on the tragedy of the Paris Peace Conference than

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we found ourselves facing a war with Japan. There followed the Washington Naval Conference where we shouldered the burden with Great Britain of jointly maintaining world peace and Japan was given a mathematical superiority in her area of the globe.

The Washington Treaty and the Panama Canal left the United States in unquestioned control of North America, the Caribbean and the west coast of South America between a line drawn from Newfoundland through Bermuda and a line in the Pacific drawn from Alaska through Hawaii to our far South Seas possession in Samoa. The axis of our naval power lies along a line from Bermuda to Hawaii with Panama as the point of strategic control.

To the west of Hawaii we are pitifully weak. Our bases in the Philippines and Guam are but military traps. Under the present acute situation it is highly doubtful if we would be allowed by Japan to develop them further. Any estimate of our Pacific strategical position of necessity eliminates them from the situation.

American sea forces are definitely cast for an important role in the Pacific drama which is now in the making. The present excursion of the fleet into the Atlantic can be taken as a temporary venture brought about by the fervid appeals of east coast navy yard politicians and shop keepers who saw their yards and bases facing oblivion and the scrap heap. Only a brief return of the ships would see them once more, after a three years' hiatus, assuming a semblance of usefulness that would see them through their next five years of expensive idleness. There must also have been a little of "Well, we could get away with it," that permitted a decision to pass the Panama Canal at this time. Nevertheless, for constructive consideration of the Pacific problem, the United States Fleet can be considered as being at full strength in the Alaska, Hawaii, Panama triangle.

In Chinese waters we maintain our Asiatic Fleet consisting of one 10,000 ton cruiser, four coastal gunboats, nine river gunboats, thirteen destroyers and six submarines.

For nearly a century, before Germany challenged the might of Great Britain's sea power, Britain had concentrated her strongest forces in the Mediterranean. Particularly after the Suez Canal was built and passed under British control this offered a strategic point from which she was ready to move in any direction in her self-appointed and splendidly performed task of maintaining world peace.

Finally, however, Germany required that Britain concentrate her might in the North Sea for a score of years. When the German challenge was countered and she again looked over the world situation, she found that the great new naval powers were not concentrated opposite her in the narrow seas but were distributed over the globe—the United States on the Atlantic and Pacific, Japan on the Pacific, and France and Italy, with no inconsiderable forces, in the Mediterranean. Taking stock of her assets she found a series of strong naval bases girdling the globe and offering refuge to her ships as they moved on any service: Gibraltar, Malta, Egypt, the Suez Canal, Aden, Bombay, Colombo, Hongkong, Sydney, Aukland, Esquimalt, the West Indies, and Bermuda.

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There was only one link missing in the chain, so the British Admiralty, which thinks in terms of bases as well as ships, put its finger on the chart in the gap between existing Far Eastern bases and said, "Build at Singapore one of the strongest naval bases in the world. Build docks for the greatest warships. Provide a complete plant for repairs. Provide bomb proof oil storage and protect it all with the world's largest guns."

Thus was completed the chain of naval stations standing always ready to serve the ships of Britain on any mission. She can now exert her power in the Pacific subject to one condition: that as she moves her capital ships from the North Sea and the Mediterranean, the balance of sea power in Europe is not upset.

Germany, and this means all of her adult population, came out of the late war with a wholesome respect for only one agency—the British Navy. It starved them for the war years, it denied them the barest of necessities and in the end it broke their morale and defeated the nation. Were the British now forced to draw too heavily on her home fleet, Germany might use this opportunity to settle her grudge with France.

In acknowledgment of German dread of her sea forces, the British Admiralty has continued to base the powerful Home Fleet on Scotland and England. With one half of her capital ships and a strong supporting force she maintains the peace of northern Europe. She bases another great fleet on the Mediterranean but today, as our fleet enters the Atlantic, it stands poised ready to pass through the Suez Canal and to dash to Singapore to take up the guard duty of the Pacific in protection of the interests of the white races. The Home Fleet is temporarily in the Mediterranean to relieve it of its task of keeping peace between the French and Italian Navies who long to be at each other's throats.

The naval forces of Great Britain may be said today to reign supreme, thanks to the Singapore-Suez-Gibraltar axis, over all Europe, the east coast of South America, all of Africa and the Indian Ocean. In the Orient she has left much to be accomplished and desired.

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It has not been possible for the British Admiralty to be as frank as has our Navy Department in transferring forces to the Pacific, yet her transfer of powerful ships into this area has been just as surely accomplished. She maintains a small squadron of cruisers off the American coast and in the West Indies. This force is often to be found off our west coast in the Pacific ready to supplement any concentrated action of her forces. Recently a squadron of cruisers was shifted from the home station to base on South Africa from where they can readily dash up to join the East Indies squadron of cruisers. Slowly but surely the base force at Singapore is being augmented. The Dominion Navies of New Zealand and Australia are being increased by the transfer of ships from the forces of the homeland and by the contributions of these Dominions. They are attaining a size and a variety of ships which make of them no inconsiderable forces.

The changes in the British China Fleet are also extremely

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interesting. Of course, she aids in the patrol and pacification of the heart of China by adding her thirteen little gunboats to those of Japan, France, Italy and the United States. While these toy men-of-war police one of the greatest trade routes of the world and maintain foreign rights with three hundred millions of Chinese between them and their heavier forces, they are incidental to the coming struggle. These ships, that today act as brothers in a common cause, may soon turn to the destruction of one another, but their going will only be noted by some minor clerk crossing their names from the Navy lists.

The British China Fleet has gradually been built up to six heavy cruisers, one large aircraft carrier, one cruiser minelayer (the finest ship of this type owned by Britain), a destroyer fleet of thirteen boats, and thirteen submarines. Certainly this collection of ships cannot be considered as being necessary for the pacification of China. It is not a grouping such as would be required to keep open the ship highways of the sea. It must rather be considered the nucleus for the Pacific Battle Fleet of Great Britain.

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The total forces of Albion in the Pacific are fifteen heavy cruisers, eleven light cruisers, two aircraft carriers or sea plane tenders, one minelayer, twenty-four destroyers, twenty-one sloops, seventeen gunboats, thirteen submarines and one monitor. On very short notice the Mediterranean Fleet can be moved to Singapore and supplement the above with five powerful battleships, four heavy cruisers, four light cruisers, one large aircraft carrier, twenty-eight destroyers and other miscellaneous craft. However, while Great Britain is assembling the forces to maintain her position and to protect her colonies in the Far East, to date she is far from the dominant factor in that area.

Too little attention has been paid to the revolutionary changes which have occurred in the navies of Italy and France. They represent one of the most interesting developments which have come over naval warfare since the introduction of the dreadnought battleship in 1906. Their viewpoint is more than modern. It is ultra modern, but their ideas are not applicable to those navies that must look to the great spaces of the open seas for their enemies.

Both France and Italy have put their battleships into reserve and are concentrating their efforts on developing navies of high speed, light gun power and almost no armor protection. Italy has been the leader in this transition. Due to the limited waters of the Mediterranean, where these two nations must solve their differences, their answers to their naval needs have been in interesting contrast to our requirements. In designing their ships they were able to abandon large fuel storage for great speeds. Living quarters and comforts for the men could be reduced to a minimum because their voyages are short. Airplanes are able to base ashore, move with the fleet and return to their landing fields when the expedition is completed. Consequently aircraft carriers are not necessary and would mean an unnecessary hazard of tonnage were they to be used. Sea warfare in these waters will be of the hit and run variety.

France is now holding naval maneuvers in the Mediterranean and the speed of advance of her entire fleet is thirty-three knots. This is almost twice the speed of either of the two fleets which fought at Jutland.

The navies of these two Latin nations are so nearly equal and so much of a type that in any consideration of world-wide problems they may be considered as cancelling each other.

France has one problem, or rather an amazing fear, in the North Sea. She is in dread of the restricted, pygmy navy of Germany. To answer the 10,000 ton *Deutschland,* with her six 11-inch and eight 6-inch guns, she is building the *Dunkerque,* a 26,000 ton ship with a speed of 26 knots, armed with eight 13.2-inch and sixteen 6-inch guns. The French are playing safe for they know that on the sea today one Frenchman is not the equal of one German. One hundred and forty-one years ago France sacrificed her splendid officer group on the guillotines of the French Revolution and the French Navy has never been able to reestablish its *"esprit de corps."* It makes little difference if she has the finest submarine fleet in the world, some of the outstanding cruisers, the fastest destroyers, and the admirable *Dunkerque.* She sacrifices much of the power that should go with these weapons through not being at home upon the sea. It has been seen that Great Britain by maintaining a strong Home Fleet based on the British Isles relieves France of some of this anxiety.

Aside from one modern cruiser, each in the Far East, all other ships of both France and Italy may be disregarded because of their small fighting value. Of late France has turned her attention in that direction because of her concern over her colony of Indo-China. She proposes to strengthen her base at Saigon and to send an aircraft carrier to aid in this attempt. She may, however, be counted on to be in every situation in the Orient with her fine diplomatic touch. In the end in all probability she will be found sitting in with the winners of the struggle —no matter who comes off the victor.

The naval forces of Russia are an unknown quantity but may be discounted because all of her ships are in land-locked seas the exits of which are controlled in all cases by nations antagonistic to her aims. Germany stands watch over the Baltic; Turkey over the Dardanelles that give access to the Black Sea, and Japan blocks the way to the Russian base at Vladivostock on the Sea of Japan.

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Perhaps no nation in the world is so well situated strategically as Japan. Among the great maritime powers her position is unique. Even before the acquisition and development of the former German Mandate islands north of the equator, she was virtually impregnable to attack.

Japan is one great fortress with her homeland secured against aggression from the sea by a chain of highly developed naval bases, extending from her northernmost outpost in the Kurile Islands to Formosa, the Gibraltar of the Far East, which incidentally lies only 250 miles from the Philippines. Within that thin line of islands, paralleling the coast of Asia and stretching for 2,600 miles, every man has had three years of military training and four years in the reserve.

Were it possible to approach the coast of Japan with men-of-war, behind their highly developed system of defenses would be found a nation of trained soldiery ready to repel the handful of soldiers that such an expeditionary force might provide. Such an approach, however, would be impossible in the face of their navy, which is concentrated about the homeland.

Being a land of islands unable to grow its food require-

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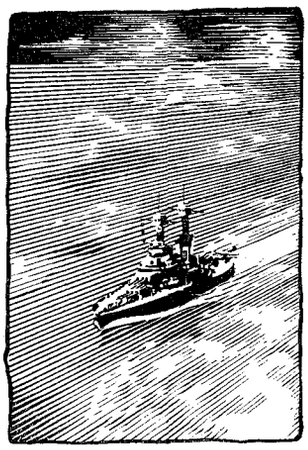

ments and to provide many necessary raw materials, Japan is dependent for her existence on maintaining her lines of communication with Asia. Fortunately for her, but due of course to the foresightedness of her political and military leaders, the Sea of Japan has been developed into a great protected Japanese waterway. Across its waters her supplies can move with hardly a challenge. It is only in this area that a death blow can be struck at Japan, for as long as this line of communication is open she has nothing to fear from a naval blockade.

Realizing this, Japan has for years endeavored to secure complete control over the Sea of Japan, two thirds of the shores of which now belong to her. The narrow straits at Tsushima, the only southern entrance to this sea, have already provided the battle ground for the annihilation of one western fleet. It was here that the late Admiral Togo intercepted the ill-prepared, ill-equipped, untrained, hopeless rabble of Russian ships under Admiral Rojdestvensky and either sent them to the bottom or accepted their surrender. Japan, by this victory over a fleet that was ready to accept defeat before it left the Baltic, has claimed and been accorded a maritime reputation that was unearned. As one studies the advance of the doomed Russians around the Cape of Good Hope it is impossible to conceive of any force having failed to attain victory over them. Japan has yet to meet a foe at sea that is trained in the ways of the sea.

Since the day of Togo's victory Japan has further restricted the passage of the Straits of Tsushima by the acquision of Korea and now long range shore batteries completely command these waters from the land of Nippon to the shores of Asia.

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To the north the way is also barred against a hostile fleet. Submarine minefields supported by fortifications would prevent access to the Sea of Japan by either of the three remaining narrow ways: the Tartar Straits, Laperouse Straits, or the Tsugara Straits.

There is only one flaw remaining in an otherwise perfect line of Japanese communication to her new storehouse of raw materials and munitions in Korea and Manchoukuo. That is the continued occupation by Russia of eastern Siberia. The prostrate Russia of the years following the Revolution of 1917 offered little concern to Japan, but now that the Russian bear once again walks like a man, it offers an enemy who can embarrass her both on the continent of Asia and in the transportation of supplies. Undoubtedly Japan includes in the advantages to be gained by the seizure of eastern Siberia the fact that she will be sole owner of the entire shores of the Sea of Japan and will take from the hands of a potential enemy the one naval base that remains in those waters, the fortified base at Vladisvostok.

It has been stated that at this base the Russians have been assembling small submarines to harass commerce with the continent, but Japan has already countered this move by the construction of a number of sub-destroyers of thirty knots speed and with heavy armament. These boats, not limited by existing treaties, will provide all of the convoys necessary in inland waters, thereby leaving her entire fleet free for use elsewhere. It was one of these that recently turned turtle at sea with the resultant death of over a hundred sailors. The disappointment to the Japanese Navy was keen because of the great hopes that they had for these little craft in their broader plans.

Through her powerful bases at Formosa, in the Pescadores and Nansei Islands, she has forged a ring also about the Yellow Sea so tight as to be in full military control of this area.

Lying to the south like a great inverted letter T, measuring fifteen hundred miles north and south by two thousand miles east and west, is a series of islands with well developed airfields and naval bases of such potential strength as to make of this area a vast graveyard for such men-of-war as might attempt to penetrate it. They offer to a fleet moving against Japan from our west coast an absolute barrier unless each of the 1,400 islands were to be cleared out from the air by a vast armada and the mines between them were to be swept from before the fleet.

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The eastern coast of Japan offers the only point of approach for an attacking force of surface craft and no naval or army officer would conscientiously predict even a hit and run bombardment, much less an actual attempted landing there.

Our nearest available naval base in time of war would be Hawaii, which is 3,400 miles from their coast. This is almost the extreme cruising radius of our heavy ships, consequently they would arrive at the coast of Japan with fuel supplies exhausted. Britain's closest effective base is at Singapore, 3,000 miles distant.

Japan knows, as our military experts know, that an attack by surface ships on the Japanese homeland is beyond all fancy. She is invulnerable to all but air attacks and these must have their origin, at the present development of aviation and in the present political line-up, in Siberia. It is the only region close enough and determined enough to provide a threat to Japan.

Today Japan may be said to be unquestionably the dominant factor in the entire western Pacific from Kamchatka to New Zealand. To attain actual possession of the entire region with its untold possibilities and wealth she needs the patience to make her way south slowly and surely, leaving no disloyal peoples or unfortified regions in the rear. She also needs a larger navy. Her present sea forces are insufficient to cover this area, which is 6,000 miles in length. The thin line of ships would be drawn too fine. Japan, sensing this and also sensing the massing of world opinion and prejudice against her, is determined to have the necessary navy before the slower acting nations of the western world are fully awake to her aims. That is why she has served notice on the world that she is going to have a navy equal to that of either the United States or Great Britain. She is so intent on this that she is rushing headlong into new construction and plans for future ships. She feels that she must act fast, because she sees it as a race that she must win today in a sprint, lest tomorrow she lose on a long pull.

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Unquestionably the advantages for complete domination of the Far East lie with Japan. She has the benefit of proximity and geography. She is able to concentrate her naval forces within a restricted area and consequently if attacked will be able to hurl them, refreshed and fully stocked, against an enemy worn and exhausted by a long journey. While France and Italy desire to share in the spoils, because of their own stalemate, they will be able to contribute little in the way of naval assistance. Russia must be considered as being entirely impotent in the waters of the Orient.

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The problem simplifies itself as to the principal actors but increases in complexity as to the solution. Only Great Britain and the United States have naval forces available for the staggering task ahead. Singly, either one would meet defeat. To align the two great English speaking nations by treaty or plan would be impossible. They could never agree to the first phrases of an alliance.

Certain powerful interests in England have for years laid the basis for ill will between Japan and the United States. The diplomatic juggling at the Washington Conference for Naval Limitations that saw the Anglo-Japanese alliance scrapped brought rancor into the hearts of many Englishmen. Parity at sea with the United States, even though it is but a meaningless phrase, has been highly repugnant to the conservative old school of the British Navy. There also remain those old prejudices in the minds of many who would perpetuate the century of hatred of Russia and who would like to see a strong Japan continue as an offset to a strong Russia.

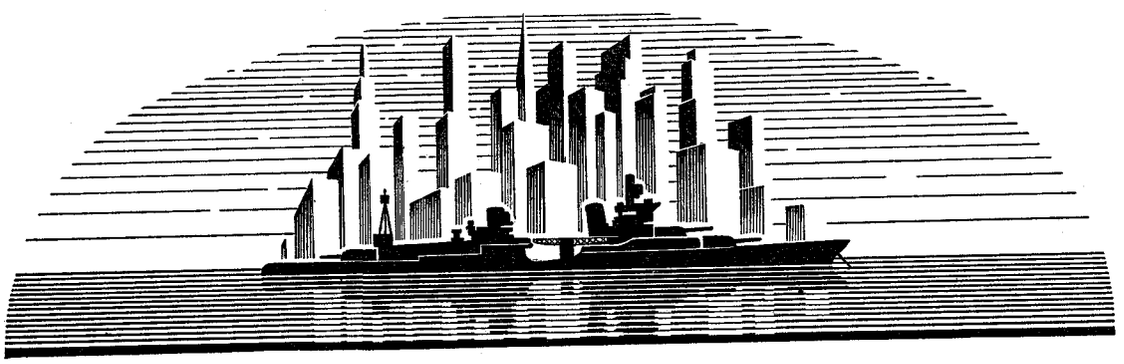
Always skillful at balancing one great power against another Britain would, of course, not be reluctant to see us pulling her chestnuts from the fire in the Far East. However, while her propagandists scatter grit at the same time in both Tokyo and Washington it must not be overlooked that Great Britain is in extreme jeopardy because of the trouble brewing in the Far East. A failure of her navy to dispell the well founded fears of Australia over the Japanese threat may well mean the dismemberment of the British Empire. She cannot abandon one of the nations of the British Commonwealth and expect that the Commonwealth will survive.

British investments in China are second only to Japanese. The treasure house of India and the vast unsettled lands of North Australia both are stakes that she must put on the table in a war with Japan.

While in both the United States and England there are many with a phobia against the sister nation, yet there has been built up in recent years a deep appreciation of one for the other as well as an abiding confidence that in time of serious difficulty both will be found doing the right thing. These are among the very few valuable by-products of the World War.

In the minds of most observers it is a foregone conclusion that in case of war between Japan and either the United States or Great Britain the two English speaking nations will be promptly united. The great mass of public opinion in either nation would demand that one go to the aid of the other. They will find themselves united by common principles, parallel interests and a similar ethical outlook. Once more we may see the fleets of Great Britain and the United States working side by side in the same hearty accord that made such a joy of their joint tasks during the late war.

Even then it is only a possibility that their overwhelming combined naval forces, supplemented by their immense wealth, will ultimately see success crown their banners.



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EDITORIAL

The Sun Shines Bright

WITH everyone so busy thinking, it was inevitable that many should have become slightly confused. Confusion of different kinds has been that strange new element in the air which visitors to Washington have been commenting upon for more than a year. Those of the leisure class—the ones not permitted to think "unless you think our way"—who have been able to sit back and watch a Jeffersonian democracy being slowly wrecked have made the great error of trying to follow each experiment of the moment. This obviously has been a waste of time. Rather we should always have inquired, "What are they confused about now?" This method is not only productive of more enlightenment but it is also productive of more enjoyment.

At the moment, at the end of a hard legislative year, they are confusing idealism with correct thinking, the brain with the heart, saying that only the pure in heart (they appropriate that virtue to themselves in *toto*) can think straight. And all the while they are making less and less sense.

In not a few instances those doing the thinking for the President have failed even to come to grips with the problem. These are the profounder reformers who ignore the lesson of business cycles, and insist that yesterday's car loadings is absolute proof that capitalism will never find new areas to develop. Others, also thinking for the President, taking the assumption that individual effort and judgment being responsible for all our troubles, those troubles now can be cured by placing government in full control to work with the single purpose of a balanced or compensating economy. This is to be achieved by giving government the authority in perpetuity to steal from Peter to pay Paul. The success of such a scheme presumes (1) that the government is infallible (2) that the power never would be used except for the greatest good of the greatest number, not even just before elections and (3) that the cost for all compensating would be lower if the government is permitted to play this paternalistic role to the hilt. Nothing could, of course, be more absurd.

Certainly the record here is against them. We have been warned by one of the press-agentry mouthpieces of the New Deal not to make a quip by trying to bring the plight caused by this summer's drought into juxtaposition with a campaign prophecy concerning grass growing in the streets. What was it we weren't to say? Oh, yes: "Well, this summer (Laughter) they can't get the grass (More Laughter) to grow anywhere." (More and more laughter.)

We protest strenuously against the warning not to turn, or now to *return,* such a clever little bon mot. That jest is rather short, we must say, on the side of strict logic. It takes two people to tell it well—an end man and a starving farmer. And after the last wave of laughter has died to an echo, the absurd predicament, and a costly one, too, into which the brainy Agricultural Adjustment Administration has led us confronts us, starkly and terrifyingly. Last year we paid the farmer to grow nothing. This year we are paying him with relief money because he has nothing. There is an excellent example of a very un-Jeffersonian government playing the omnipotent part of an artificial power of a compensating economy.

Mr. Wallace's department has been extremely busy of late with figures which will prove that there will be no suffering this year. That the situation is to be saved by last year's surplus and carry-over. This is very fortunate, and good news if true; but didn't we pay the farmer last year so that we wouldn't have a surplus? If everything comes out all right and nobody dies (it will, of course, be a tight squeeze), that will be a happy but expensive accident. The elements obviously are on the side of the planners who believe that the way to adjust man in a surplus economy is to teach a plow horse to walk down the rows, instead of between them. And then next year, thanks to this year's drought, thanks to the astuteness of AAA, and thanks to the taxpayer for his bribe to the farmer, we will have no surplus. But what if by this time the elements also have become slightly confused and make the mistake of thinking that what this country needs is another million dollar drought?

The only fact to be argued with the cocksure Brain Truster is one of whether the resources of our exchequer are adequate to the purpose of his ideal planning and whether they should be expended on his hunches as to how the elements will treat us next year and the year after. We have no evidence that Joseph qualified for his Egyptian post because he had mud on his shoes but he at least knew what a warehouse was for.

It is not the idealism of the liberal, impractical New Dealer that needs to be challenged although it is strictly upon that plane that the bright young boys would like to keep the contentious question. It is the logic of what they are undertaking to do which should be examined.

If it is to be the exclusive duty of the government to give us a compensating economy then naturally we are going to have to rely on someone's individual judgment always to determine who is to be compensated. This ugly intrusion of individual judgment apparently has not occurred to the thoughtful Washington experimenters, but no doubt the Postmaster General, acting in his other role, might be inclined to view the necessity to exercise a little judgment and selection in this matter, a rather delightful Government duty. When is a drought not a drought? When have the kept subjects of a protective, all-powerful paternalistic government been sufficiently the victims of grasshoppers to warrant opening the doors of the Treasury? These are questions which no one short of a despot or a dictator should be called upon to answer.

Mr. Tugwell when he was in the other day asking for a raise said that he entertained no sympathy for the Red Cause. His statement may be taken at its face value. The fact that the American experiment leads by a somewhat more devious route to the same objective of Karl Marx and the Russian Soviet experimenters merely proves then that he, too, has become completely confused in his thinking.—F. W.

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Economic War Reports

Compiled by E. H. Collins

American Front

FOR THE UNITED STATES the last few weeks have been a period of widespread defaults by foreign debtors. Barring only Finland, the war debtors defaulted *en bloc,* leaving the United States Treasury the worse off. American private debtors had their setback when Germany came through with the expected default—deferment of transfer is the milder term—on private and governmental debt. These defaults are important in the economic sense because they are being tied up with movements of trade. Secretary of State Hull, in fact, threw out a broad hint that the war debtors might make some payments in goods if they lacked the ready cash. President Roosevelt, however, promptly disowned such an idea by calling its usefulness limited and by so doing kept alive the tradition of opportunism and lack of policy which have grown up around the Administration's foreign trade measures. There is no ground for doubt at all that if American bondholders are ever to get any fair share of the interest and sinking fund due them by Germany the United States will have to agree to some plan which will make the flow of German goods into this country easier. The campaign toward that end has already started. It can be counted on to grow in intensity. For some reason not altogether clear, George N. Peek, special adviser to the President on foreign trade, has pointed out that in the years from 1896 to 1933, inclusive, the United States exported $22,645,000,000 more goods and services than it imported. It is possible that these figures were published to signalize the signing of the flexible tariff bill and the dawning of the day when the country will be ready to undertake tariff bargaining with other nations. On the other hand, they may be just a set of figures, of interest to statisticians but with scant power to level American tariffs, however desirable such an eventuality would be. The experience with the Hull war debt proposal shows that nationalism is still entrenched and tariffs cannot be made easily to fall.

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German Front

BY ALL ODDS the most important event in the economic field in a long while is the declaration of a transfer moratorium on German external debt. This step, the climax of all of the Hitler policies, has set going economic waves that will lap many a shore, far and near, before they are stilled. The action was necessary, if one looked only at the gold and foreign exchange reserves of the Reichsbank; it was necessary, if one considered the unscalable walls that have been erected against foreign trade since the war. But it was unnecessary, if one realized that to the natural difficulties all countries now encounter in foreign trade the Nazis have added a fresh set of obstacles in the shape of a singularly unenlightened foreign policy and racial animosities. Resentment against the debt service holiday has flared high in France, Britain and the United States, and mechanisms of retaliation are being thrown up which must serve to hamstring foreign trade still further. Germany has had to put herself on a war time basis, so far as restriction of imports are concerned. Substitutes of all kinds are being devised for raw materials, and new ways are being thought up for fashioning manufactured goods. German imports are said to be even lower than during the blockade days of the World War. The supplies of raw materials in Germany hardly would suffice for more than a few months. Exports of some goods which might be used in Germany have been forbidden. The standard of living has been falling rapidly, and the drought promises to make for a food shortage. Germany has remained confident that she can bring the world to terms by clamping down on imports of goods from other countries. It is a desperate game. World trade may be profoundly changed by the experiment.

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British Front

THE REPERCUSSIONS in Great Britain of the German transfer moratorium took form principally in the proposal to segregate the proceeds of the sales of German goods in England for use, as far as needed, in providing service on defaulted German debt. In this clearing house plan Britain has looked first and last to her own interests and scarcely at all to those of the United States. As a country which sells a great deal more to Germany than it buys, the United States stands to suffer by any policy which would cut down on the supply of exchange coming into Germany's hands that might be used for purchases in America. Britain strongly fought the clearing fund devices which Switzerland and Holland set up several months ago to get their due out of Germany; but now, in the pinch, Britain has not been above resorting to the same scheme. To outward appearances, the trade recovery in Britain is getting along fairly well. Industrial production in the United Kingdom in the first quarter was at the highest level since the March quarter of 1930, and the manufacturing industries alone were compiling their best showing since the last quarter of 1929. The capital market has been having a moderate activity, and in real estate, a stagnant field in this country owing to the collapse of the mortgage companies, Britain has been having a mild boom. But under the surface all is not well with British trade. As Sir Josiah Stamp has pointed out in the

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last few weeks, the British home market has about reached the saturation point and a distinct slackening has been detectable in the industrial improvement. He says that Britain must now concentrate on the export market, where the competition is already extremely severe.

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French Front

WHILE IT MAY SMACK of the old controversy about the priority of the chicken or the egg to argue that economics govern politics, or vice versa, one can see, nevertheless, how economics and politics act and interact. As Germany became increasingly intransigeant over armaments, France began to be drawn nearer by degrees to England. After six months of controversy with England over trade matters, France has just suddenly patched up her differences and drawn up a trade agreement with Britain which will bring the tariff war to an end, drop the retaliatory duties and adjust the quota restrictions. Once more Lancashire cotton goods will be exchanged for Lyons silks. Simultaneously, France has been weighing various possible measures for retaliating against Germany for discontinuing service on the Dawes and Young loans. Experts of the Ministries of Finance and Commerce have developed plans for either a surtax on German goods imported into France or a clearance arrangement by which deductions would be made from payments for German goods sufficient to provide service on the defaulted German debt held in France. Germany always comes off with the favorable balance in the trade relations with France, and thus the latter has a ready weapon for forcing payment of debt service. In that respect, France is more favorably situated than the United States, which always sells more to, than it buys from, Germany. French business sentiment and high grade security prices have improved somewhat, as usually happens in France when the flow of gold is inward. The Bank of France, indeed, has reduced its discount rate to head off the influx of foreign funds. But this better sentiment has not been translated into an appreciably higher trade turnover.

Italian Front

PUBLIC ADMISSION of the serious state of Italian economy has been afforded by the government in the tightening of control over dealings in the lira. The claim was advanced that Italy was only patterning its exchange control over that in force in the United States. But the attempt to draw a parallel between the two cases borders on the farcical, for some doubt exists as to whether Italy can hold her position. To all intents, Italy is instituting control of the lira to hold a tight rein on speculation in the exchange. In reality, though, it is regulation of imports that is being sought as much as dominance over exports of capital. For the Italian trade position is admittedly bad, even though official figures claimed that unemployment declined 54,291 from April to June 1. The Bank of Italy lost about 1,000,000,000 lire of gold in the first five months, and the budget deficit for the fiscal year ended June 30 is now expected to foot up to 4,000,000,000 lire, or 1,100,000,000 more than previous estimates. Opposition to Il Duce's deflationary measures has amazed experienced observers. As Italy's economic plight has grown more serious, Mussolini's political activity has expanded. After setting up an Italian Manchoukuo in Austria, he held a consolation meeting with his fellow strong man, Hitler, at a Grand Canal, Venice, address. But whether any partitioning of Central Europe such as they might agree to could bring any restoration of economic security to either Germany or Italy is a question belonging in the realm of the doubtful.

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Russian Front

BY ONE OF THOSE PARADOXES of the rarer sort, German economy, such as it is, is being propped up by that menace which Hitler and his Brownshirts were going to squelch. It is, in other words, the payments Germany is receiving from the dreaded Communists —in Russia—that form the chief foreign exchange reliance of the Reichsbank. The payments are being made for orders placed by the Soviet in the days of the Bruening regime. In accumulating funds for this debt discharge, the Soviet has been able to realize some saving as the mark dropped below parity. The United States, with the Johnson bill, has antagonized Russia scarcely less than the Reich did, and so these two countries, having an acute unused plant problem on their hands, have received the irreducible minimum of Soviet orders. Practically by default, these orders are being diverted to Great Britain, where, owing to lack of credit facilities, they are being placed in comparatively small volume. The political rapprochement which Soviet Russia has with France bids fair to shunt some of the Russian orders to French industry. It is a distinction which Russia enjoys virtually alone that, as a major power, she is scarcely concerned over the German debt default. The Soviet's one "imperialistic" loan was to Turkey, and Moscow is cynical enough not to count on repayment.

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Japanese Sector

IT HAS BEEN WELL SAID that the Depression has been a great boon to Japanese exports because it has created a demand for inferior quality merchandise. Great Britain has been able to do nothing about it by calling attention to the fact that Lancashire textiles are vastly superior to those turned out in Japan. What applies to textiles may apply soon to armaments as well. For Japan is now branching out in a new field, in a phase of which she has lately had experience exceeding that of her western competitors. Japan has offered to re-equip the Rumanian army with munitions and weapons and to establish munitions factories in Rumania. Japanese experts would man the factories. Of Japan it can be said that she has a knack for finding out where the profits lie, of adapting her industries quickly to the needs and changes in taste of foreign countries. Just now, with the disarmament conference turning out to be rather a farce, the munitions business is encountering better times. In the offer to Rumania, Japan agreed, of course, to undercut competitors. The discount under the next lowest bid was said to be 25 per cent. Japan would accept in part payment Rumanian timber and oil.

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One Against the World

By Cedric Fowler

In Japan the empire idea still lives. It is an irresistible force which comes down through the ages. The rest of the world is preparing to fight it with the modern weapon of trade boycott. What will the outcome be?

THE ruling class of Japan has declared itself against the world. The note on Chinese policy issued by Eiji Amau, spokesman of the Foreign Office, is the vehicle. Declaring complete Japanese hegemony in China, Japan has served notice that she will no longer share the spoils of imperialism in the Far East with the other powers. The declaration is clear, even under the evasions of diplomatic language. Europe is forbidden to participate any further in the development and exploitation of China. Japan, in the interests of "Peace," of "Harmony" and "the Welfare of the Chinese nation", wants it all.

The new prohibitions are masterfully drawn, covering both broad and specific points. China must accept no more foreign loans which may be used for political purposes—a definition broad enough to cover any form of European financing. Military assistance is definitely forbidden, especially in aviation. No munitions or military goods may be sent to China, and Japan reserves the right to say what constitutes goods of military use. Foreign efforts at general economic reconstruction must cease. Here the blow is aimed chiefly at the League of Nations, which proposes League financial aid for China. Japan cannot tolerate "foreign interference" on the Asiatic mainland. Japan is the only agent for maintaining peace on the continent. No other power may intrude on this function.

Put out ostensibly as a "feeler," the Amau Declaration is none the less in deadly earnest. However unofficial the spokesman, he was talking for the Japanese government, and the forces behind that government mean everything he said. The Japanese ruling class is a disciplined one. It is not given to idle statements on what it hopes to do. No one can doubt that it intends to take the whole of China as its province. Japan's foreign policy has been centred on this end ever since the Empire has had a foreign policy. Now the ambition is coming to a head. The next few years, as far as Japanese effort can succeed, will see it completed. The Amau note has served warning; the world can take it as it likes.

Obviously the world does not intend to take it lying down. The challenge has been accepted, and is being met with more than the usual diplomatic protests. Japanese aggression extends beyond China; its industries are making a determined attack on the entire front of world trade. This is bitterly felt by other exporting countries. Already England has opened a trade war in the crown colonies. The United States is preparing a similar struggle for the Latin American markets. Italy is muttering vengefully about silk. Headed by these three industrial powers, a world blockade on Japanese goods may be declared. The prospect is not pretty; it is, however, the best way the world can find to block Japan's ambition, and if effective, will be the first time an international trade boycott has stopped empire expansion.

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The resentment of the other powers begins with China. Since that country's first opening to Western penetration, it has been an international playground for imperialist interests. Its territories, resources and manpower have been considered world property, to be divided among the powers on a policy of grab and let grab. The policy has been carried out with smoothness and dispatch. Since 1842, when the British took Hongkong, China has lost control of roughly two and a half million square miles of land—from a total four and a half million—and of nearly one quarter of its inhabitants. Except for the Russo-Japanese war of 1904, this has been done without a single major conflict among the takers. France, England and Germany might quarrel over Africa, but not over China. Dismemberment there has been clean and orderly, with only the occasional cries of the victim for disturbance.

In 1900, this free character of Chinese exploitation was put on a legal basis by the Open Door agreement. Signed by all the powers, including Japan, the Open Door provided for no restrictions in any part of China possessed or controlled by the signers. Transportation, finance and tariffs were to be equal to all. In 1922, the Open Door was reaffirmed in treaty form at the Washington Conference. There the powers also pledged themselves to respect the territorial and political integrity of China. Other colonial areas might remain subject to contention, but in one at least the powers were agreed to a common and tranquil front.

Now Japan has upset this applecart. The other powers are naturally indignant. For nearly a hundred years they have amiably divided the enormous profits of Chinese

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trade. Oil and textile industries have built much of their wealth from the Chinese markets. Finance capital has made some of its greatest profits from loans secured on the industry and hard living of the Chinese people. And with the progress of time, China becomes still more alluring as a potential market. Given settled conditions, further improvements in transportation and even a slight rise in purchasing power, the Chinese people could take a heartening slice from the surpluses the industrial system has piled up in Europe's economy.

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The prospect of this rich field snatched away by Japan is bitter. Already the diplomats have broken out in demands for explanation. They have reminded Japan of its obligations under the Open Door and the Nine Power Pact. The League made a scathing report on the Manchurian invasion. Japan, of course, has made the obvious diplomatic replies. The Amau Declaration was "unofficial." Japan has no intention of violating any treaty; would not think of such a thing. The Open Door and the Nine Power Pact are still sacred—as solemn covenants always are. *But,* Japan must guard peace in Asia. Its most precious interests and national honor demand it. And Japan is the one rightful protector, counsellor and friend of China—(or so she says). In fact, the whole business is ostensibly in the interests of China. Like the Yellow Peril in the West, Japan has found a White Peril menacing China, and is resolved for everybody's sake (naturally including her own) to keep it out.

Judging by past performance, Japan will keep to this purpose. Since the country abandoned feudalism its whole national energy has gone into fulfilment of the purpose. Already it controls nearly three quarters of a million square miles on the mainland, an area several times its own size. Most of this land is richer in soil and natural resources than the islands are. Japan has rounded out many of the gaps in its own economy by Chinese conquest. Given a head in the near future, Japan will round out the rest and become, through dominance in Asia, one of the wealthiest and certainly one of the most powerful nations in the world.

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The Amau Declaration, while it shocks America and Great Britain, is simply a logical next step in a consistent history. It is the conclusion of one part of the great campaign and the unmistakable beginning of another. From the beginning this has been the Japanese plan. It has been carried out with stubborn and brilliant success. Japan is, in fact, the one perfect example of imperialist achievement to date. Other nations have suffered checks and retreats. Japan has not. Other countries have dissipated their interests, changing from one to another as the outlook for profits shifted. Japan has concentrated on China alone. She has already created a great empire there; unless stopped she will create a greater one.

If the other powers could forget their present jealousy, they might be proud of how well their own lessons have been taken by a small and once backward Oriental people. In 1853 Japan was living in a Dark Age civilization. Then within thirty years of that date its political and economic system had taken European forms. One generation's effort by the governing classes effected the change. In doing it, they not only remained in power, but began the steady expansion of Japan which we are witnessing today.

The China campaign has been the whole aim of that extension to date. From the beginning it was based upon certain principles which have not changed. First of these is proper timing, both in relation to China and to the European powers. The easiest factor has been the condition of China itself. There Japan has always had a distracted and chaotic opponent to deal with. No serious resistance has ever been encountered. More skill has been needed in choosing the right time to take care of outside interference. With only one exception, Japan has planned her moves when rival powers were otherwise occupied, either by war, mutual jealousies, or distractions elsewhere. This part of the formula has worked to perfection.

The second principle has been of comparative moderation. Japan has never tried to swallow the whole of China at one gulp. She has taken it piecemeal—though lately the pieces have been getting larger. In addition, good judgment has been shown in staying away from areas where more powerful nations were interested. Japan has never before attempted conquest close either to English or to French possessions. And when Japan was weaker than she is today, a soft and friendly manner with the other powers was cultivated. On the two occasions when forced to back down on exorbitant claims, Japan retreated as gracefully as possible—to proceed as briskly as before, after the enforced halt.

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The first move on these bases was made in 1885, with the acquisition of Korea. Using the classic slogan "Disturbed conditions," Japan demanded a protectorate. China at the time was fighting a war with France over Indo-China, and was in no position to resist. England was busy completing the conquest of Burma, on the Chinese-Indian border. Korea was seized without difficulty. A formula of joint rule with China was set up, but Korea, nevertheless, was definitely a Japanese possession.

Japan rested ten years before the next move. In the interval she did more homework on the military technique learned from the West. In 1895 a cause for war with China was found in supposed interference in Korean affairs. The war, short and victorious, was important chiefly for its demonstration to the world that Japan was now the first Oriental power. Three European nations, alarmed at this growth, united to modify Japan's demands on China. France, Germany and more especially Russia forced the Japanese to retreat from Manchuria, which they had hoped to seize.

This was Japan's first check, and though only temporary, reminded the Japanese leaders that they would need not only more military power, but alliances as well, for the next move. The ten following years were spent in doing these things, building up a large navy and acquiring an English alliance for the war with Russia. The alliance, though not formally directed at Russia, provided for English neutrality in the event of conflict and for active aid

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should Japan's enemy find an ally of its own. It proved extremely handy when war did break out.

Japan, of course, did not offer the sole provocation for the war. Russia was quite as eager for it, since rival interests in Manchuria had clashed from the beginning of Japanese penetration. The war was quick and easy. Japan won by a combination of speed, strategy and the weakness of the enemy. Though it seems curious today, the sympathies of neutrals were mostly with Japan. The Japanese had adopted certain democratic forms which pleased European and American liberals; Russia was the notorious autocracy of the time. They were glad to see the little brown men defeating the cruel Tsar's troops. Militarists too were pleased—it showed how well the pupil had learned his lessons.

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Japan also gained great Asiatic prestige from the war. The Orient, that had been forced to give up everything Europe demanded, took heart. It was the first time a Western power had been successfully defied. China was especially enthusiastic—but Chinese enthusiasm was short. Japan followed the same imperialist line the other powers had shown. Russian concessions were taken over, not returned to China. Port Arthur, the South Manchurian Railway (lower part of the Russian-built Chinese Eastern) and the Liaotung peninsula were seized. Any Chinese naive enough to expect liberation were disillusioned.

The war brought Japan recognition as a first class power among equals. Two years after the victory France arranged a settlement in areas of possible friction. In 1911, England renewed and strengthened the alliance. Germany made sympathetic overtures. Russia swallowed its beating and came to an agreement on Manchurian spheres of influence. Japan celebrated all this by declaring Korea part of the Empire. It had gone through the stages of sphere of interest, joint administration and protectorate —a familiar imperialist cycle.

Ten years later the World War furnished the next great chance for expansion. Under the terms of the English alliance, Japan declared war on Germany. Japan's only part in the war was the capture of the German concessions at Shantung and Kioachow. In the ultimatum to Germany, these were demanded "with a veiw to their eventual restoration to China"—Japan's bow to the sacred flavor of the Allied cause—but they were not restored. No further effort at helping the Allies was made, aside from the highly profitable sale of munitions, a business that helped build Japanese arms plants to their present efficiency.

In 1917 the Chinese also declared war on Germany, innocently hoping that it would put them in a place of equality at the peace table. But in the meantime Japan had made the Twenty-One Demands on the Chinese people, foreshadowing the Amau Note of today. Under the "Demands," China was ordered to give up claim to Shantung (already held by Japan), to refuse foreign loans and technical aid, to give Japan control of heavy industries, to buy half of all munitions from Japan and to give no more coastal leases or concessions to any other power.

The "Demands" were, as usual, well timed. Europe was busy until 1919 with the war. At Versailles the Allies were preoccupied with the richer problems of dividing the loot of Germany. They did not have time or interest for Chinese protests. Consequently Japanese aggressions at Shantung and Kiaochow and the Twenty-One Demands were allowed to stand. The fact that China had gone further in the War than Japan (sending labor battalions to France) did not count in Chinese favor.

In 1918, Japan turned from China for an interlude in Siberia. In their indignation at Communism, England, France and the United States had sent armies to kill Siberian peasants and thus put the menace down. Japan joined in, so willingly that the high command sent ten times the number of men agreed upon among the Allies—a refreshing contrast to previous assistance. The interlude, however, was less brilliant than the visits to China. The Bolsheviks defeated the invading armies and they were forced to withdraw.

This Siberian gesture aroused the United States, already somewhat alarmed at the growing Japanese power in Asia. At the Washington Conference of 1921 Japan was forced again to retreat. The Twenty-One Demands were dropped. Shantung and Kiaochow were restored to China. The Nine Power Pact pledged respect for Chinese territory. Japan secured its return in the prohibition of American and English naval bases in the Pacific. In addition, the United States, Canada and Australia forced the dissolution of the English alliance.

For a while it looked as though Japanese aggression was stopped. But at the end of a fourth ten year period Japan reopened the attack. This time the objective was the whole of Manchuria. It was accomplished by waging war on the Chinese people in the northern provinces and at Shanghai. The results are well known. Manchoukuo is a Japanese possession. Nominally it is independent. In the course of a few years it will most likely be absorbed into the Empire, though perhaps this formality is no longer favored. Imperialism, while it does not change in essentials, does alter slightly in style.

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The other powers were occupied at home, with economic crises and the prospect of a new European war. They subscribed to the Lytton Report and did nothing else. Far from helping China, the European troops in Shanghai drove the fleeing masses back from the concessions to die under Japanese bombs. Non-recognition of Manchoukuo is not much more than a cynical gesture, and already some of the powers are growing tired of it. France and Germany are sidling towards recognition now. Japan, controlling Manchoukuo's trade, can afford to wait. Only recently recognition was secured from Salvador, though that country risks expulsion from the League as a result. And with Japan's growing industrial dominance in the East, it will be able to force more important countries into line.

This is the record. It has been achieved in spite of stringent treaty provisions; Japan's "honor" has been of the most flexible kind. In the Nine Power Pact, it was agreed, for example, "To respect the sovereignty, the independence and the territorial and administrative integrity of China." In a further provision Japan agreed "To refrain from taking advantage of conditions in China in order to seek special rights or privileges which would abridge the rights of subjects or citizens of friendly states." All these have been violated. The violations are not simply a matter of legal jugglery. They are out and out breaches of international law. The second provision especially makes hash of Japan's claim that China is not an ordered state and is therefore open to any aggression that may be planned.

Whether this conquest can be stopped permanently with-

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out wholesale bloodshed is not yet clear. At the moment the international trade boycott plan seems the most likely method, but it is too early to say just how effective this will be. Some of the countries necessary to success seem none too eager to join in, considering that they have favorable trade balances with Japan which they are unwilling to sacrifice. Australia is an example. Hating and fearing Japan, the Dominion finds itself unable to forego profits—yet at the same time fortifying the northern coast and enlarging the navy for defense from possible Japanese aggression. Other nations are in the same position. A complete English and American boycott would meet stiff opposition from many quarters—notably the shipping and arms interests, which are making great profits from sales to the Japanese War Office.

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But other elements may intervene as well. War itself is always possible—most likely beginning in Russia. For the moment Japan is showing considerable discretion in staying away from Siberia. But it is no news that the Japanese ruling class would like to make an attack on the Soviet Union. They are looking for allies in this venture, and already have found sympathetic attention in Germany. Whether Japan won the contest or not, it would undoubtedly be exhausted by the effort. The Soviets have a large, well trained and well supplied army; its troops possess admittedly the finest morale in the world. They are moving supplies East as fast as they can, and double tracking the Trans-Siberian. Japan could fight successfully for perhaps a year, but after that the war machine would begin to run down. In addition, there would be a resentful, and very likely active, China in the rear.

Financial bankruptcy at home may come before war—is bound to come if the international boycott is applied. At present Japan is spending almost all its unborrowed revenue on arms. The deficit already amounts to $500,000,000. Borrowing is becoming more difficult. Japanese bonds are down fifty per cent in value. This is more than the depreciation of the yen justifies, in relation to other currencies. In addition, Japan should have the highest credit rating of any power, since it has never defaulted on debts. Investors, therefore, are showing their fear that continued Japanese militarism will lead the nation to financial chaos.

The possibility exists of civil struggle within Japan itself. Japanese militarism has been financed on low wages and living conditions for the masses. The present industrial expansion is keeping the masses at least employed. Should that be halted by international blockade, they would be forced down very rapidly to starvation levels. Even now they are none too far above them. Japanese farmers, for example, live at the rate of $60 per year. They are one third the population of the country. Industrial workers are just as badly off. No one is allowed to know the extent of the revolutionary movement in Japan. But it is very likely that either bankruptcy or a long and exhausting war would drive them to revolt. The world should welcome this solution, if it comes—even in the shape of a Soviet Japan. The overthrow of the present Japanese ruling classes would save considerable trouble, either in carrying out the foreign trade boycott or in prosecuting a war.

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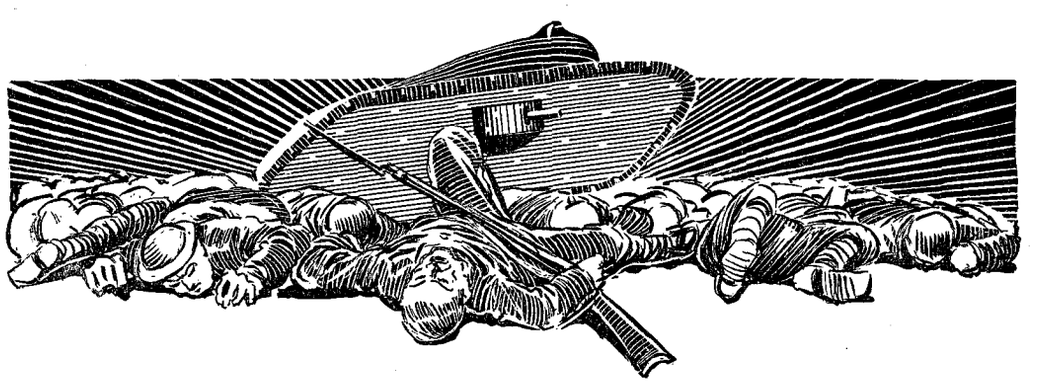
Japan at present is living in a dream of empire. The first parts of the dream have been realized. Full realization depends on world reaction to Japanese ambitions. Already the weapon of trade restriction is being tried. Given a full and effective use of this weapon, Japan can be forced to awaken. Peacefully minded people can only hope that the awakening will come before war. A war to stop Japan would be as cruel and wasteful as any other; with its implications, it would involve us in another world struggle. An economic blockade would be painful for all, so would revolution in Japan. They would be better, however, than mass slaughter.



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Wanted: A New Authority By a Dam-Site

What is the meaning of the New Deal interest and promises for the Columbia Basin? The practical implications of another regional authority, such as TVA, in the Pacific Northwest are discussed in this article.

By Richard F. Sullivan

PRESIDENT ROOSEVELT has envisioned four great government developments, one in each of the four corners of the land, which would provide forever "a national yardstick to prevent extortion against the public and encourage the wider use of that servant of the people—electricity." Of the first of these, located in the Tennessee Valley, the people have already heard much. The second, just now beginning to achieve national attention, and of which more will be heard in the not distant future, is the Columbia Basin. The President has shown repeated interest in the Columbia River sector; with how adequate a view of local realities is a point which only the future may determine.

He has said:

"The power issue, where vigorously handled in the public interest, means abundant and cheaper power for American industry, reduced rates and increased use in millions of urban and rural homes—to say little of the preservation of our waterpower resources in coördination with flood control, irrigation and reclamation."

"I seek to protect both the consumer and the investor."

"I do not hold with those who advocate government ownership or government operation of all utilities. As a broad general rule, the development of utilities should remain, with certain exceptions, a function of private initiative and private capital."

". . . Where a community—a city or county or a district—is not satisfied with the service rendered or the rates charged, it has the undeniable right . . . to set up, after a fair referendum has been taken, its own governmentally owned and operated service."

"State-owned and Federal-owned power sites can and should properly be developed by government itself. When so developed, private capital should be given the first opportunity to transmit and distribute the power on the basis of the best service and the lowest rates to give a reasonable profit only."

"The next great hydro-electric development to be undertaken by the Federal Government must be that on the Columbia River. . . . It means cheap manufacturing production, economy and comfort on the farm and in the household."

These views, in substance, were first expressed nationally by President Franklin D. Roosevelt in Portland, Oregon, on September 21, 1932, and the Pacific Northwest, harboring 40 per cent of the country's potential waterpower, offered a pattern for each point mentioned. Municipal ownership in one locality had figured in bringing about the lowest electricity rates on the continent. Due to a variety of causes, anti-power-trust agitation had been gathering momentum for sometime. The Democratic tickets of both Oregon and Washington were loaded with public-ownership enthusiastis, and each state had an important power bill to consider.

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In Seattle, shortly before, the Democratic candidate for President had not only shocked dissenter Republicans but alienated an orthodox fringe of his own party by bestowing fraternal blessings upon Homer T. Bone, past Socialist sympathizer, veteran power-trust baiter and now candidate for United States Senator.

Nevertheless, on the morning after November 8, "Forgotten Men," still bleary over the Roosevelt landslide, came forth—some from commissaries, one from jail—to fulfill the duties of state legislators. The Grange Power Bill, providing for state purchase and development of waterpower sites, had been approved by the voters of Oregon; while in Washington the Bone Bill, granting municipalities the right to sell electricity outside their corporate limits, was bound to receive due legislative attention, after having been sanctioned by popular initiative in a previous election. And the tempestuous Mr. Bone had defeated the arid wheel-horse Senator Wesley L. Jones.

Running parallel, though having figured with slight importance during the campaign, was the proposed Columbia Basin enterprise. For fourteen years it had evolved under booster stimulus, with admitted long-range possibilities. Washington's Senator C. C. Dill and others representing liberals had expediently supported it in the National Capital, but the burden had fallen, for the most part, upon Senator Jones and Republican Congressmen. Moreover, the public-ownership groups, strictly speaking, had taken no part in its promotion; those with local axes to grind were, and still are, unfavorable to it. Could all factors concerned be molded into a New Deal prospectus, "vigorously handled in the public interest?"

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The feat has been accomplished, after a fashion, through the solidifying and ameliorative activities of the Roosevelt Administration in collaboration with Senator Dill, whose term expires with the present Congress. A spasmodically favored Columbia Basin plan has been scaled down to fit the Public Works purse; preliminaries are in the course of completion, and bids for the Grand Coulee dam have been called. Then, farther down the river at Bonneville, another major enterprise has been launched. Last fall Senator Dill was enthusiastically imbued with the idea of asking for a Columbia Valley Authority, but apparently he succumbed to the advice of his colleague, Congressman Samuel B. Hill, who deemed the move "neither advisable nor necessary" and "extremely dangerous." "We should first get the Grand Coulee project built, or construction well advanced, before inviting the controversies sure to follow the effort to establish a Columbia Valley Authority." The Public Works Administrator, he warned, might get a bad impression.

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Meanwhile, if reports filtering through New Deal channels are dependable, Senator Dill and his former secretary, Frank Bell, have found fresher, if not larger, fish to fry. The latter, since taking over the portfolio of U. S. Fish Commissioner, has become a figure to be reckoned with along Pacific shores, while the Dill-Bell machine in the State of Washington rests, somewhat precariously, upon a futuristic wave of "abundantly cheap" electricity. The New Deal's adventures on the Columbia River, at any rate, derive the bulk of their meaning from a well-known ingredient of statesmanship. And, sooner or later, the general public will seriously wonder: "What have we?"

After leaving the Canadian border, the river winds its way across the State of Washington before swinging abruptly westward to the Pacific. The surrounding area, once the bottom of an enormous lake and now a wide intermountain plateau, forms the base of the so-called Inland Empire. The Snake River joins the Columbia at the south, and between the two rivers, covering about 3,000,000 acres, lies the Columbia Basin.

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Blocked by ice and drift during the glacial period, the river forced its way into Grand Coulee, seat of "abundantly cheap" New Deal power. When the debris melted and the waters flowed on, there were left two low ranges of mountains, many lesser coulees, hills and potholes, and approximately 850,000 acres of properly tillable land in a thirsty condition. The section has had its flings of exploitation during moist periods; then normalcy, drouth and bitter lessons, with each new season finding farmers willing to take another chance.

One summer day, back in 1918—so it is told—a country lawyer and a country editor met in a Columbia Basin town. "Bill," spoke the editor, "give me a good story for my paper." His friend glanced over the rough, dry countryside, and after a moment of contemplation said: "Why not build a dam at Grand Coulee and turn the waters of the Columbia onto Columbia Basin lands?" By the end of the week the idea had popped into circulation. Soon it was taken up by leading Northwest booster organizations. And in January, 1919, the Washington legislature appropriated $100,000 for a survey, which was the first of a million dollars similarly spent by the state and by the nation. Later the Columbia Basin League was organized and an able propagandist imported from the Middle West.

Reclamation, a traditional craving of the West, then denoted the prime objective. The irrigation possibilities of Columbia Basin had been investigated by the Federal Government as far back as 1903, when there was only half the amount of western land under irrigation that there is today, leaving less pretentious undertakings elsewhere. And it is well to point out here that the simplest thing, by far, for an engineer sent West by the Government to do is to find what he has been sent to seek, which may contain distortions of solid fact.

During the heyday of the Golden Age, hopes glistened brightest, prior to the birth of the New Deal. The plan then favored—since it would irrigate the largest area of land—involved the carrying of water from a number of lakes, extending to the Flathead in Montana, through an elaborate series of canals, tunnels and reservoirs, and there was a lot of pumping to be done besides. Reclamation Bureau engineers declared it "both feasible and economically practical," wherein they had the testimonial support of General George W. Goethals of Panama Canal fame.

It would irrigate 1,883,000 acres of land, at a cost of $159 per acre, and add $180,000,000 annually to the national wealth. "Gold from Sagebrush!" was the slogan. Practically from the first, the technical details concerned were ridiculed by competent engineers—whether they were more or less competent than the government engineers being beside the point—and the per acre cost was, of course, plenty large.

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Nevertheless, words flew at random, words which did not always make sense. President Harding likened the project to "the Egypt which had served as the granary of Imperial Rome." Secretary Hoover warned: "It should not be delayed until we are overwhelmed with population." Reclamation Commissioner Mead went him one better, asserting: "It will come with the first crop shortage, and I prophesy that will occur within five years." And President Coolidge challenged rising opposition, figuring that the utilization of increased agricultural supplies "lies in the development of the West itself."

But as the Golden Age wore to a close, projects tending to increase our agricultural output came to be proved less and less acceptable to the chronically indignant Patrons of Husbandry.

Indeed, it was the latter group, commonly known as "farmer Grangers," who turned the project in a highly electrical direction. For the oncoming of the Depression made clear, beyond doubt, that the farm interests would stand for no further artificial extensions of crop-producing area. But, inasmuch as the "power octopus" had been effectively manifested as their latest bogey, they would stand for unlimited hydro-electric expansions. And in 1931 Major John S. Butler, of the War Department, was sent to the Northwest to study power sites.

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His investigations settled matters with surprising adroitness. Under the reclamation plan, the power aspect scarcely counted; there were only 145,000 horsepower available anyway. Then suddenly, on completion of the War Department survey, that plan became "unfeasible and impractical," while Grand Coulee was discovered as "the cheapest large block of waterpower in the United States."

The alternative plan, devised by Major Butler and his assistants and later checked by Reclamation Bureau engineers, serves as the basis for New Deal modifications—hence should be kept in mind for later comparison.

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It called for a dam at Grand Coulee, 430 feet high and three-quarters of a mile long, which would create a lake-reservoir running 151 miles almost to the Canadian border. Installed power units would produce electricity to the tune of 2,100,000 horsepower or 8,300,000,000 kilowatt-hours annually. Cost of dam and power plant: $171,000,000. Then a low earth dam was to be built at each end of Grand Coulee, forming a secondary reservoir, into which water would be pumped and finally led by gravity over 1,200,000 acres of basin land. The reclamation feature, however, was extended into the future: at least ten years, the period required for building the power dam, and by that time the project would be earning (gross) $17,000,000 annually from the sale of current. From then on, it would mount to a self-supporting level, with power paying half the cost of reclamation. Total project cost: $393,000,000.

A bill asking for Federal adoption was presented before the House Committee on Irrigation and Reclamation in the spring of 1932. Contained in it was what had been regarded as an absolute essential to government adoption of all similar projects, Boulder (then Hoover) Dam included, namely, a stipulation requiring that a sufficient amount of the electricity to be generated be sold (contracted) in advance of construction to assure the project's utility after the work was completed. Nevertheless, both Secretaries Wilbur and Hurley saw fit to recommend that the bill await a healthier condition of the Nation and the Treasury. And, despite much engaging testimony—with Colonel Hugh L. Cooper now functioning as expert witness for the "defendant"—the scheme failed to attract the moribund 72nd Congress.

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Then came the political upheaval of a generation. And by the first of the year, 1933, its significance had become actively identified with Columbia Basin. For hadn't the President-elect indorsed Columbia River power developments in his Portland speech? Hadn't his recommendations for solving the power question harmonized with the latest Columbia Basin plan? And hadn't he promised to cure the Depression, extensively at any rate, by absorbing unemployment in a gigantic public works program? So off went the bandwagon, with rejuvenated boosters and lately-damned radicals loudly yodeling the newest New Deal anthem!

In his message to the heterodox legislature in January, Washington's new Democratic governor, Clarence D. Martin—who had done his best to resound Roosevelt doctrines during the fall campaign—linked the enterprise with unemployment relief. A $10,000,000 bond issue was voted accordingly, the bulk of which was to be spent on work at Grand Coulee. For the new leaders were willing that the state should begin the project at once, as a means of providing immediate employment; and they evidently had reason to expect an additional $20,000,000 from the Reconstruction Finance Corporation, which would keep the ball rolling until the New Deal got under way.

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A power district was formed and a Columbia Basin Commission was created to represent the state in promotions with the Federal Government. But there was strong opposition to the state's tying up the $10,000,000 in the project, or to its becoming involved in any tangible way. And why implicate the state when Uncle Sam was about to finance the Depression anyway? So, after the legislature adjourned, the "salvation money" was put behind the clock, where most of it remains.

Following the Roosevelt inauguration, the newly appointed chairman of the Columbia Basin Commission—a seasoned booster, momentarily out of a job—was sent to the National Capital to help guard Columbia Basin interests. And they needed guarding, for the State of Oregon had turned aggressor in behalf of projects nearer home. Portland citizens had warmly supported the Columbia Basin venture from the start, but the recent "power wave" had hatched the Bonneville project; and the New Deal's all-absorbing federalism offered a welcome opportunity for passing along the effects of the Grange Power Bill, which threatened property owners with a tax burden of $65,000,000.

"If we are successful here," stated the President in recommending the establishment of a Tennessee Valley Authority, "we can go on, step by step, in the development of other natural territorial units within our borders." Hopes fell; Grand Coulee would come later. But soon the outlook appeared brighter.

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The Butler plan proved too rich even for New Deal blood, and President Roosevelt resourcefully proposed that a lower dam be built at Grand Coulee, subject to the superimposing of the full-height structure later on. The lobbyists were grateful. And during the forepart of May, 1933, the modified plan, calling for a dam 140 or 145 feet above low water level, capable of producing 700,000 horsepower of electricity, was announced as the outgrowth of a conference between the President and Senator Dill. Following the adjournment of Congress, in time to give the Senator a full summer of pre-campaign work, the plan was formally approved by the President and the Public Works Board; and $63,000,000, representing the entire estimated cost of the revised program, was announced as set aside from the Public Works budget.

Senator Dill made the most of his opportunities. Grand Coulee would "break" the power trust. "It is a part of President Roosevelt's dream to produce cheap electricity for all the people. . . . An electrical empire. . . . A New Era!" Undoubtedly the next session of Congress would grant his request for a Columbia Valley Authority.

Meanwhile, rivalry between Washington and Oregon factions at the New Deal breakfast table had waxed intense. "I'm in favor of serving notice on the President," cried Portland's Mayor, Joseph Carson, "that this city will not buy a dime's worth of power from Grand Coulee if a low dam, for navigation only, is given at Bonneville."

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Of course it was worse than futile to ask: "What, Mr. Mayor, if the higher, power-producing dam is built at your city's back door?" So government engineers went to work figuring on a basis of the higher dam. And this was sufficient to send a delegation of Portland boosters forty-two miles up the river on a celebration at the Bonneville dam-site in September.

But with another hard winter showing in the distance and elections coming up the next year, the New Deal had to furnish something besides calculations and approvals. Would the Government insist upon contracts for the sale of power before work was commenced? The rats were coming out of the hold for no power concern, municipal or private, could possibly sign such an agreement. Senator Dill then found a natural way of meeting the situation. First, in a sulphuric barrage, if the power companies didn't behave and coöperate with the Federal Government, Uncle Sam would go all the way into the power business, build transmission lines and sell current directly to the people at bargain rates. Next he asked for $5,000,000, in the name of the starving multitude, to start Grand Coulee. Secretary Ickes pacified him with $1,000,000—and this necessitated giving Bonneville a start in the world, too.

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Thus National Planning was brought to the Great River of the West.

Last February it was announced that only $15,000,000 had actually been allotted to Grand Coulee; the rest would have to come out of later appropriations. And the money allotted was "to finance the construction of working quarters and facilities for engineers and other engineers engaged in preliminary investigation and preparation of plans and specifications for the dam, to finance the erection of a bridge across the Columbia River at the dam-site" and "such additional work as the Director of the Bureau of Reclamation may deem appropriate."

Excavations for the dam were then nearing completion. And included in "such additional work as the Director of the Bureau of Reclamation may deem appropriate" was the building of a railroad and wagon-road into the dam-site. The Great Northern and Northern Pacific had previously filed application with the state for a permit to built 30 miles of road from Odair to Grand Coulee. Then the question arose: Would the Government agree that all the materials for the dam be imported by rail, or would the railroads be subject to truck competition after spending $600,000 or so building a spur? Senator Dill shivered loudly over the heinous monopoly suggested. So the Government decided to build the railroad. And this was no more than fair since the money the state had intended spending on the wagon-road was tucked tighter than ever behind the clock in Olympia.

On March 29 the board of engineers met at the Denver office of the Reclamation Bureau to consider plans for the dam and power plant. An outline of final specifications resulted. Bids were to be invited about April 15. The specifications reached Spokane early in May. But the call for bids was postponed until June 18, after Congress had voted additional appropriations and adjourned.

Aside from a shortage of cash on hand, the main difficulties have been twofold: keeping within the $63,000,000 originally estimated and perpetuating as much as possible of the initial investment. For the lower-dam alternative was disregarded as impractical by Government engineers when the Grand Coulee proposition was first concocted, and Colonel Cooper heartily indorsed this stand. Moreover, certain engineers who have had experience with the especially hazardous construction features of the Columbia—having to do with coffer-dam construction in particular—are wont to question whether the $63,000,000 will cover the cost. Government engineers are confident, however, that it will. But there should be ten or twelve million left out of the above-mentioned $15,000,000 after preliminaries are financed. And does this allotment, to say nothing of the $1,000,000 granted Senator Dill last fall, form a part of the $63,000,000 representing the entire present estimated cost of the project? Anyway, thanks are due Dr. Elwood Mead, longtime Commissioner of Reclamation, though not a member of the Public Works Board, for tenaciously urging the construction of a gravity instead of a multiple-arch dam, thus saving future generations some $42,000,000 in salvaging whenever the full structure is required.

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Bonneville is a combined power and navigation project. The original estimated cost of $44,000,000 was scaled down to a maximum of $31,000,000, only $20,000,000 of which was to be spent immediately—but agitation for larger locks is now in progress. The project will provide a basis for facilitating river traffic and producing 600,000 horsepower of electricity. It is being undertaken, however, with the understanding that generator installments will be curtailed in behalf of Grand Coulee. But Portland citizens are essentially interested in the power aspect. And Bonneville factory sites can be bought "at *very low* prices . . . no profiteering"—almost as conducively as beautiful desert town-lots and homesteads within a 50-mile radius of Grand Coulee.

Now the contentions and proposals of the President, given at the beginning of this article, involve the following suppositions: (1) That current from Federal projects will be offered on an accounting basis allowing "a reasonable profit only" to private distributors; (2) that the "yardstick" will furnish a just measurement for municipal and state-owned enterprises; (3) that the Federal projects will not unduly hamper hydro-electric developments by non-Federal agencies; (4) that "both the consumer and the investor" will be protected. All of which means that the Federal Government will compete on a definite joint-risk footing, meeting interest on investment, operation costs, market risks, etc.

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The thinking socialist and the thinking capitalist alike will be apt to pronounce the arrangement conflicting and unworkable, while the unemployment benefit, it is now admitted, will fall far short of earlier claims. And will the politicians stop at "justified spending"? Or is the party of Jefferson nonchalantly, unphilosophically and opportunistically leading the way towards a topheavy federalism, serving none other than bureaucratic ends?

The outcome can best be indicated by recording a few of the underlying facts and letting the reader apply his everyday knowledge and common sense.

Space forbids a detailed account of the Bonneville backgrounds, which are slightly less hazardous than those surrounding Grand Coulee. The project is situated only forty-two miles from a seaport city, the natural outlet for

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Columbia tributary areas, and Portland has no large private or public-owned hydro-electric enterprise within its neighborhood. (The relation between waterpower and electricity rates, on the other hand, is yet subject to debate, since the operation-cost differential between hydro and steam plants is very small.) Whether the adjoining territory can absorb Bonneville's maximum power capacity in the near future seems more than doubtful, even if the private concerns are induced, or forced, to abandon their present plants and buy from the Government. Still the entire project, when ultimately completed, will represent a far smaller financial outlay than that anticipated for Grand Coulee, a substantial portion of which will be chargeable to navigation.

Grand Coulee, on the contrary, is located amidst a scantily populated, semi-desert section, seventy-five miles from the nearest appreciable electricity-consuming center, and that a meager one—Spokane, with 115,514 inhabitants (1930 census) and lacking contributing backgrounds for marked industrial growth. The city, the home of Senator Dill, has been chiefly active in Columbia Basin promotions, as an outlet for frustrated economic activity. It owes its creation to early mining exploitations in Idaho and British Columbia; it is now figuratively the retail and jobbing base of the yet "unrealized" Inland Empire. That the development of Columbia Basin would benefit the entire Northwest, as well as Spokane, is not to be denied; but the present approach is a circumvention.

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The four Northwestern states, though covering 369,610 square miles, contain less than three and a half million people. Not more than 2,700,000 of these live within theoretical transmission range of Grand Coulee, with high, wide mountain patches scattered between. To reach the Puget Sound country, area of greatest electrical consumption, the power must be carried 200 miles over the Cascade Range, and that section is self-sufficiently supplied. The ultimate capacity of Seattle's Skagit project is estimated at 2,750,000,000 kilowatt hours, while Tacoma has 1,250,000,000 kilowatt hours in view. These systems, with a third of their combined contemplated potentiality developed, are now marketing about a fifth of the total. And comparative figures suggest no reason why Western Washington should turn to Grand Coulee for cheaper power. According to the Government's own estimates, the initial transmission outlay would be $15,918,000, and close accounting balances production costs. In fact, the one plausible chance of Grand Coulee electricity's being sold in the only large-consuming area aside from the Portland district, adjacent to Bonneville, rests hypothetically upon the Government's ability to force the Puget Sound Power & Light Company into a petty distributing concern; and this would necessitate the abandonment of the company's Rock Island project, built during the last decade, along with most of its other generating equipment, netting a waste of many millions of dollars.

And can current be carried 250 miles to the Portland district as cheaply as it can be supplied from Bonneville—granting a possible one-fourth mill per kilowatt hour difference in the cost of production? If so, aside from politics, why build a power dam at Bonneville? As for the more outlying sections, the following statement by the chief engineer of the Montana Power Company will satisfy anyone who has traveled over the inland Rocky Mountain region: "Even if power were supplied to us free at the Grand Coulee plant, we could not transmit it to our present distributing system as cheaply as we can develop power nearer home."

There is not, as there should be, a certified account of the territory's present power status. Before the House committee, 1932, L. N. McClellan, chief engineer of the Reclamation Bureau, stated that in 1930 the territory "used a little over 4,000,000,000 kilowatt-hours" of electricity. It seems impossible for anyone to substantiate one half this amount within a 300-mile radius of Grand Coulee, and I doubt if he can prove a fourth of it. A month-by-month record study, covering the ten principal private and municipal power concerns, from January, 1928, to March, 1933, gives the average load, generated in all plants, as 396,000,000 KWH. I do not guarantee this figure; the horrible gaps between various sets of estimates are characteristic. But this is undoubtedly true: during the last decade, as in other fields, periodic gains were overstressed; consequently, since the Depression, many of the concerns have been operating with from 50 to 100 per cent more installed generating capacity than required, which represents a small percentage of their planned and partially developed capacity.

Seven years hence, if the expected building period is maintained, Grand Coulee will be offering 2,200,000,000 KWH of firm power and 500,000,000 KWH of secondary power. And there is no telling what Bonneville's potency will be when another political campaign rolls around.

"Judge me by the enemies I have made!" exclaimed Franklin D. Roosevelt in his Portland speech. Conscientous public-ownership advocates may find reason to shudder over the ironies attached; especially when they recall that, for over a generation, Seattle and Tacoma have pioneered in municipal development and distribution of electricity, and that these cities have rates averaging one cent per kilowatt-hour.

New Dealers, including the President, have lately been referring to Columbia Basin as a fruitful refuge for taking farmers off marginal lands. Surely they can't be thinking of meeting a share of the reclamation cost with Grand Coulee electricity! And if they approach the reclamation aspect with similar political-minded alacrity, the human sacrifice will reach tragic proportions, because the implantment of settlers upon raw irrigated land is no hit-and-miss undertaking. Furthermore, the only engineering connection between the higher (power) dam and reclamation is involved in the matter of pumping water into the irrigation reservoir. This reservoir, it is said. could be built for approximately $17,000,000. And there is abundant power for pumping, already developed and going to waste, 75 miles down the river. But perhaps the impelling exigencies of New Deal "Socialism" preclude the driving of tight bargains!

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Outlook Book Choice of the Month

Reviewed by Robert Cantwell

THE WOMAN AND THE SEA. By Concha Espina. Translated by Terrel Louise Tatum. Introduction by Ernest Boyd. $2.50. New York: Rae D. Henkle.

ONE OF THE MINOR CHARACTERISTICS of literary movements is that the bases for the changes they embody are so quickly lost sight of—a Lawrence, for example, writing his first novels in revolt against the general stuffiness and prudishness of English fiction of that time, ended by writing as if these qualities were as prominent as they were when he began. They weren't; in the space of his relatively short career a kind of candor was permitted the authors of novels; even hack novelists felt free to introduce scenes and episodes of a sort that would have been sensational a few years before. Other weaknesses became more prominent; the revolt itself became a tradition. Something of the same development is apparent now in the work of the younger, class-conscious novelists; they are not merely in revolt against the established social order, they are also in revolt against the literary traditions and attitudes produced under that order. Consequently, you find them attacking one after another the stock beliefs of the bourgeois writers, and many of the weaknesses of their work can be traced to this: they inevitably over-stress their points, over-emphasize the difference between their point of view and that of their opponents. It is not merely a matter of learning how to write about the social conflicts that have lately become so conspicuous and so dramatic. It is also a matter of breaking down the traditional way of looking at these events. Or—since the bourgeois writers usually ignore them—of breaking down the traditional way of not looking at these events.

The danger, of course, is that the over-insistence tends to become a part of the tradition as well. As an antidote—there are other reasons, which we will take up later—this quiet, conventional, Spanish novel, "The Woman and the Sea," deserves a hearing; it represents so many things that modern fiction has been in revolt against. Reading it gives you a little shock. Primed by a recent reading of such representative books as "The Shadow Before," or "Journey to the End of the Night," you keep expecting something more than is given, a little attention to the problems that dominate the imaginations of the majority of modern novelists—some attention to the class position of the characters, for instance, or at least a little Freudian investigation of their repressions. There is none of that. As the story merely moves along, the beautiful and selfish heroine merely moves from one personal crisis to the next. The book might have been written in the middle of the last century as far as its point of view and subject matter are concerned. There is nothing contemporary about Regina de Alcántara, the central figure; there is nothing contemporary about Concha Espina's way of writing about her. That can be taken as praise or disparagement, depending upon your opinion of contemporary fiction; my own reaction was one of surprise that so clear a characterization could be built with such worn material, and with such out-worn tools.

Regina herself, the central figure of the novel, is a heroine in the old-fashioned sense of the term: the world revolves around her. She reads a great deal in her youth, and travels, but of her reading: "Her days and nights were restless for, since she was incapable of comprehending and assimilating her ideas, they became tarnished by the false images and confused ideas she created, until bit by bit she buried the freshness of her youth under a heap of printed facts." And of her travels: "Moved only by the shining surfaces of what successively surrounded her, she succeeded neither in discerning, loving nor understanding them." In phrases like these, in the most matter-of-fact analysis, Regina's girlhood is skipped over; her father dies, and then her brother, and she returns to the family home in Cantabria, determined to marry and find some fulfilment for her life. She marries, but only after breaking the heart of a childhood sweetheart and only—she does not deceive herself—desiring her future husband because he is to marry her friend. Once won he is no longer desirable and she drives him to an act of recklessness that results in his death. It is old-fashioned, melancholy stuff, but in a curious way the characters emerge as real people and the story, perhaps because of its very remoteness, takes on an unobtrusive dignity.

Some of the smaller incidents may illustrate how this dignity is achieved. A long sub-plot dominates the latter section of the book, the story of the Ramírez family, disgraced because the mother has—not sinned—run away from her brutal husband and hidden herself in a convent. That constitutes a scandal in the provincial Spanish community; the daughter is all but ruined in the eyes of the townspeople and the son is all but driven mad with grief and shame. More than anything else the story of the Ramírez family uncovers the layers of hypocrisy and reveals the pressure of provincial opinion, without which the novel would be inexplicable and Regina's struggles would be so many battles with phantoms. Her mere habit of reading is

(*Continued on page* 57)

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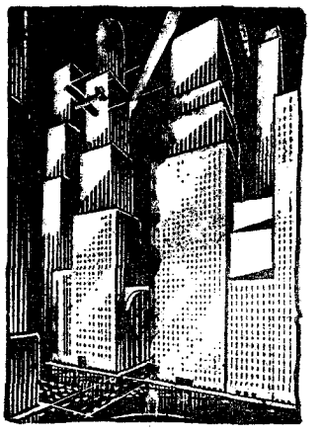
Talk of the Nation



Maiden Work

WE NEVER MAKE A PRACTICE of retelling the bright sayings of our self-admitted betters—members of the Class of '54 (20th Century)—nor are we beginning now. There are some, however, not many fortunately and these few, good Californians always dismiss by simply saying they have no sense of humor, who make the claim that in the same category of humor with the cute phrases of Junior belongs all the literary effort of the Japanese seeking for the first time to express themselves in the medium of Chaucer and Shakespeare.

Against such we always stand and fight. We ring for the office buckler and our opening charge is that should such critics eventually triumph much that is valuable in English literature would be lost forever. There is no scrap of such writing which does not throw new light upon the courageous audacity of our little brown brothers in merely attempting self-expression in a language so foreign to their own. The humor which they produce should never be, nor is it frequently, appreciated out of sheer condescension. After all there are occasions on which the Japanese find it necessary to communicate with certain members of the White Peril and it is certainly a tribute to their astuteness that they realize that practically nothing would be accomplished if they took a shot in the dark, or ran a chance, as we say, that their ignorant American recipient just happened to know Japanese. At least we must credit them with that much perspicacity and also the courage which they have in undertaking in such emergencies to make themselves perfectly clear in English.

It is from this standpoint of admiration, and also from the deepest conviction that American writers who attempt humor by writing fictitious Japanese letters can never get within laughing distance of the original, that we present the following communication received recently by the editor of "Aero Digest":

"Tokio, May 25, 1934.

"Dear Mr. George F. McLaughlin:

"How do you find yourself after that? I am doing well and busy in every day. I must excuse me, I did not correspond to you about the aeronautical news in Japan regularly. It was not my dereliction of duty, but I was obliged to stop my correspondences to you for a time by the appearances of the world.

"I must, however, continue my duty of correspondence, because I considered the condition of Japan. Therefore, I will send the news continuously and regularly with an understanding of all the bearings.

"I sent an English-Japanese dictionary for the aeronautics to you by a separate mail, which my latest writing and my maiden work. I think there are many misprints in the book, but it is very glad to me if you tell me the comments about it and if this book will become an intermediary of areonautical science between your company and Japan.

"Very truly yours,

H. TAKAMATSU."

Mr. Takamatsu's "latest writing and maiden work" reached the editor's desk a few days after his refreshing letter. No Japanese scholar, we have been dipping into this aeronautical English-Japanese glossary and our admiration is as high as ever. The work is excellently indexed and if we were Mr. Takamatsu we wouldn't give a second thought to the misprints.

We find on Page 64 under the "C's" what seems like conclusive evidence that our ambitious lexicographer has learned some of his English by ear from the English—(a very bad procedure) particularly when it's that portion of the good English who think that a little word like "clerk" should be pronounced "clark."

Now in aeronautics there is a highly successful wing design known as the Clark Y section (named after the American inventor Virginius Clark). Writing from ear, our latest favorite lexicographer lists under the "C's"—"Clerk Y aerofoil (section)" and unless we miss our guess the characters in the parallel translation line and immediately preceding the untranslatable Roman letter Y is the Japanse word for a young man who works in a store all day.

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Contretemps

DOWN IN THE FINANCIAL DISTRICT of New York (why there, our informant forgot to tell us) they refer to the whole affair as the Hochstein-Brazil Incident. It's perhaps the sensible thing to do, because after all many a war has been started over less.

Anyway, it seems not so long ago Joshua Hochstein, a language teacher at DeWitt Clinton High School, of New York, and Director of the Pan-American Student League, invited members of the South American Consular corps to a function of the League. His invitations were addressed to the consul-general of the Hispanic-American Republics in South America. The day before the affair, the secretary of the Pan-American Society called Hochstein on the 'phone and told him that

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there was hell to pay. Brazil, in the person of Dr. Sebastio Sampaio, Consul-General, was insulted, because he had not been included in the invitation. Brazil, it came out, is a Portuguese speaking country and it is a definite Government policy to ignore any communication addressed to it as a Hispanic-American country. The Society guessed Hochstein had better go down and straighten things out before any diplomatic protests were made.

He couldn't do it that day, and sure enough, Brazil was the only South American nation not represented at the function. Next day Hochstein went down to Battery Place. Sampaio received him very formally and explained in great detail how in 1930 the Spanish Government had a Hispanic-American Exposition and sent invitations to the Hispanic-American nations. Brazil's card went back with a charming letter pointing out that by some mistake an invitation addressed to Hispanic-American Republics had been delivered to them. Spain caught on, and changed the name of the show to Ibero-American. That's okey by Brazil.

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Off the Record

OUR WASHINGTON SPY REPORTS:

And the only reason for his reporting this one at all (He insists, of course, that it's absolutely true) is that it's the latest evidence that the entire government at Washington is benig run "off the record."

Unless you've tried it, you have no idea how safe your deepest personal and business secrets can be with a self-respecting member of the American section of the Fourth Estate. The trick, and they have learned it well at Washington, is to tell the reporter everything you know, but remember to preface your remarks with the warning that "it's all off the record." It's a fine old tradition and it's seldom abused or violated—by the reporters.

For a long time, we regret to report it has been consistently abused by astute administrators, both in business and politics. The way to abuse it is this: if you know a great piece of news that you'd simply die, or get fired, or get put in jail or something if it ever got into the newspapers the thing to do is to collar all the newspaper people you know, singly and privately, and tell them the whole story—"off the record." You must be sure to tell them before they hear it elsewhere, or all bets are off.

This little trick, as William E. Berchtold explains in his story, "Press Agents of the New Deal," in this issue of NEW OUTLOOK, President Roosevelt learned long ago in the war times when he was assistant Secretary of the Navy. Much of what is said by the President at his extremely democratic and informal press conferences at the White House are "off the record."

It was from the White House that General Johnson imported this hand-tying trick into NRA headquarters.

Mrs. Brown and Mrs. Jones (the Mrs. Brown and Mrs. Jones of our story) are both employed at NRA headquarters. They usually get down to work before the General because their duties are those of charwomen. Mrs. Jones's husband, John, also has been helping in the Nira effort (more or less spasmodically, it is true) in the capacity of watchman.

For several mornings running Mrs. Brown had not seen Mr. Jones anywhere around the eyrie of the Blue Eagle. In a recent dawn, her curiosity getting the better of her, she inquired solicitously of Mrs. Jones concerning the whereabouts of her spouse. Never missing a swish with her extremely efficient mop, Mrs. Jones replied, "Off the record, he's drunk."

●

Weather Report

THE ONE GREAT PROBLEM of the reporter who makes his pilgrimage through this mad world with an eye sufficiently jaundiced so that everything it chances to light upon is screamingly funny is that he at a loss frequently to say whether what has him in stitches at the moment is the result of conscious or unconscious humor. Practical humorists, and some of the worst of these wind up as make-up editors for newspapers, have excellent opportunities for practicing their humor very, very consciously. It is for that reason that we are at a complete loss properly to evaluate the significance of the fact (never having met the gentlemen in question and we are otherwise without any knowledge as to whether he believes there is any humor whatever left in Samuel Clemen's neat phrase that everybody talks about the weather but nobody does anything about it) that Mr. Hearst's *"New York Evening Journal,"* displays its blue eagle daily in the weather box. Very prominently in the boldest kind of type beneath the famous symbol is the good news: "WE DO OUR PART."

●

Big Book

SOME TIME in the fall of this year the American public will have a chance to buy the latest and greatest of all "Books for the Ages." It will be issued in four large octavo volumes, each running around five or six hundred pages, and will sell for the modest price (considering the costs of producing it) of twenty-five dollars the set. Vilfredo Pareto, late Italian sociologist, philosopher, engineer and mathematician, wrote it; it is his life work and the summing up of everything he knew on every conceivable subject.

Apparently he knew a great deal. Reputable authorities, in addition to the publisher's announcement writers, consider the "Trattato di Sociologia Generale" ("Mind and Society" in its English form) the last word on just about everything you could possibly think of. It covers, according to one well known American scholar, "the whole problem of the relation of the human mind to the society in which it is placed," in other words, the entire history and future of human life. A classicist of considerable fame calls Pareto the most important philosopher since Aristotle. A professor of science says the book is "the greatest intellectual achievement since Aristotle." A fourth remarks more simply: "I will merely say that I have read it twenty times and find it the most significant book I have ever read without any exception whatsoever."

You can see it's quite an important work. In length it runs to about a million words, and the number of subjects considered, historical, literary and scientific references, footnotes and cross indexings dwarfs anything else ever composed. There are, for example, something like thirty-five hundred separate paragraph headings, numbered consecutively by the author from one on up. Sir James Frazer's "Golden Bough," an earlier example of vastness, is trifling compared to it; if not so much in length, in conception and choice of fields covered. The entire work of Sigmund Freud, who also took a good slice of human life for consideration, "could hardly be accounted as more than a footnote to Pareto's study of the sex residue"—

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or so the publisher's announcement tells us. All Spengler's work could count in comparison as nothing more than an amplification of one or two paragraphs in the *"Trattato."* Lesser lights of science and learning fade into nothing when mentioned in the same breath with Pareto.

This is what they tell us, the scholars and the publishers. Considering such reports, it is curious that so little has been known about Pareto before now. It is only last year that his name was placed in the public prints, when he enjoyed a brief vogue that amounted to two magazine articles and a half dozen mentions in book reviewers' columns. But the *"Trattato"* was finished in 1916, having required more than twenty years to write. Pareto himself had been teaching in the chair of Political Economy at the University of Lausanne since 1893. All this time only the smallest handful knew anything about him, and the neglect was especially shameful in America. European scholars were slightly more up on their toes, but not enough of them to make Pareto the household word that all his disciples feel that he should be.

Publishers were equally negligent. Until the present enterprise, no move has been made to bring Pareto to the English speaking public. Harcourt, Brace & Company of New York are our benefactors, and when the book finally appears they will climax a long and arduous effort to give us the chance of reading it.

The history of that effort is interesting, as an example of what publishers will do to serve the world. Pareto died in 1923, the *"Trattato,"* as mentioned above, had been published in its native Italian seven years before. Harcourt, Brace & Company's first effort began in 1926. J. E. Spingarn, the scholar, had brought it to their attention. Traveling in Italy for health, one of the firm's agents approached the Italian publishers for the English rights. The first move seemed to be plain sailing. The publishers, Barbera of Florence, were willing enough to sell the rights for the moderate price of nine hundred dollars. They made, however, one condition—the work must be translated and published within twelve months from the date of purchase.

This condition was the first snarl, but it was followed by another even more serious. Somewhat suspicious at the unreasonable demand, the agent investigated further and discovered the surprising fact that the Barbera firm did not own the English rights. They were, in fact, selling something that wasn't their property. Negotiations were dropped.

After a month or two of delay, the agent found that a French translation had been issued, by Hachette of Paris. Perhaps the French publishers owned the English rights. The agent went to Paris and interviewed them. Alas, it seemed they only possessed the French and Spanish rights—but the visit was not wholly a loss. Not only was Hachette clear on what they did own, but also they knew where the English rights could be found. The clue lay in Pareto's personal history. Like many other great men, Pareto had liked a comfortable household. In the last years of his life, this household was kept for him by a professional—a housekeeper. A few years before his death, Pareto very sensibly decided to make his comfort permanent, by marrying the lady who kept it for him.

This lady worshipped Pareto—it appeared that in addition to his intellect the great philosopher possessed considerable personal charm. Also she knew his fame, and, while she had not plodded through the million words or more which her husband had written, she knew the value of his work. Pareto's will had left everything he owned to her, with sole decision on the disposal of all properties and rights in his estate.

The lady was, however, deeply suspicious of anyone who approached her in connection with her late husband, even on so simple a quest as translation rights to his work. Seeing that the quest would require time and patience, the agent camped in Switzerland, near Lausanne, and went to work on his prospect. For days he tried to persuade the lady that there was nothing tricky, or dangerous, or frightening in signing the simple paper that he held in his hand. For days the lady was adamant, and the agent was almost ready to give up. Finally he hit upon the solution, which involved abandoning the more subtle forms of persuasion and using a cruder method. He simply raised the offered price until she could no longer resist. This took some time, but eventually the ante reached twelve thousand Swiss francs, which were then worth twenty-four hundred United States dollars. The lady relented, and hurrying her to the American consulate the agent had a contract drawn, signed and witnessed before she could change her mind again.

Back in New York, all that Harcourt, Brace & Company had to do was find a translator worthy of the task. Looking around for people who knew about Pareto, they found Professor Arthur Livingston of Columbia University, who had been using Pareto's work in classes since 1910, and who in addition had a thorough knowledge of Italian. Professor Livingston was engaged and started work.

But still another snag turned up. Two other professors, it seemed, had also been using Pareto in their classes and discussions, and had gone further in making a rough translation of their own, which was already circulating in manuscript among certain leading universities. They were James Harvey Rogers, once of Yale and now a leading brain truster in Washington, and Andrew Bongiorno of Oberlin, who supplied the necessary command of Italian for the job. Harcourt, Brace & Company were equal to this last obstacle, and engaged the two (for a thousand dollar fee) as collaborators with Professor Livingston. This whole process consumed three years, but it has been proceeding smoothly since 1929, and now, at last, the earth shaking work of Pareto is to be made available to the English speaking and reading public.

The publishers are under no illusion on how the public will take it. Obviously it will not be popular, and equally obviously Harcourt, Brace & Company will not make money on it. They are comforted by their natural pride in giving so vast a treatise to those of us who cannot read Italian. It is one of those things that publishers like to do, if only to preserve the industry's reputation for intellectual quality. Also it lends desirable tone to the firm, and no doubt they will write off the losses inevitable even at twenty-five dollars per set to prestige.

But they do hope to sell some copies. Already they are saying that the gigantic size of the work need not frighten readers unnecessarily. A good part of the million words, they admit, are pretty hard, but not therefore obscure or incomprehensible. Pareto's style, it seems, is frequently attractive, often even amusing in his sarcastic ref-

(*Continued on page* 59)

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BOOKS

(*Continued from page* 53)

described as though it were somehow strange and rare, even eccentric, a habit that must be explained objectively lest the reader form some shameful conception of it. When Concha Espina tells us what Regina read she speaks discreetly indeed: "She read great poems, bitter-sweet novels of love, tales of travel and history. *She even tasted the bitter fruit of controversial philosophy.*" My italics. After that admission of the worst about Regina, the author modestly draws the veil. According to the preface, one pious Spanish critic traced Regina's unhappy life to her reading of forbidden books. In little touches like these the real position of the heroine—and of the author, if one may generalize from the introduction—is made clear; you see that Regina, stripped of all the soul-searching, the doubts and philosophic speculation in which the author wraps her, is merely a more intelligent and aggressive middle-class woman caught in a backward community, at once unable to accept the tediousness and banality of that life or resign herself to it, and yet not enlightened or courageous enough to try to change it. Regina in Cantabria is not unlike Carol Kennicott in Gopher Prairie, except that the climate and landscape are more pleasant, and Regina starts no reading circles.

"The Woman and the Sea" lays no claim to greatness; it is unpretentious, smoothly written and, if you are not rebuffed by a slight foreign taste for which the translator may be responsible, it makes a good story. One would be tempted to credit it with a good deal more, to emphasize the shrewdness of Regina's probing into the springs of her own actions, say, or to point out the technical skill that has made Regina most attractive, most understandable, when her crimes are greatest—one would be tempted to go into this, I say, were it not that "Woman and the Sea" seems already to have been praised out of all proportion to its merit, and Concha Espina to have been elevated to a position not warranted by her ability, real though it is. She is now being discussed for the Nobel Prize; "a worthy successor to Madame Curie, Selma Lagerlöf . . ." says the *"New York Times."* Well, she may be a worthy successor to Selma Lagerlöf; that may be a double edged compliment; but why should talent of

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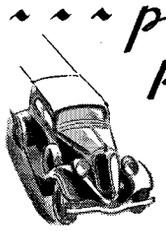

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this sort be considered, while Joyce is still alive?

No, "The Woman and the Sea" belongs on a lower level of achivement. To some extent it makes good reading now simply because it is so out of the ordinary, so different from the common run of novels being written these days. It is a nice reminder of some of the problems we no longer need worry about, and, for novelists, a pleasant warning of how much can still be accomplished with the forms and material generally called out-worn.

Occupations

(*Continued from page* 8)

nothing until they can get results, these results being entirely dependent upon the public's desire or capacity to purchase? Is there any field of work in which the workers are asked to own their own cars, supply the gas to operate them, and to pay their own way while performing their work, all in the hope that they may make a commission?

And this is the field of work where one finds countless numbers of persons with college degrees, with personal qualities and appearance often above the average. If there is doubt in anyone's mind as to the conditions of pay, the requirements of the prospective employee, let him study the "sales help wanted" columns in the great metropolitan dailies. He will not need to apply for a grant at one of the foundations for a survey; he will find many of the facts right there.

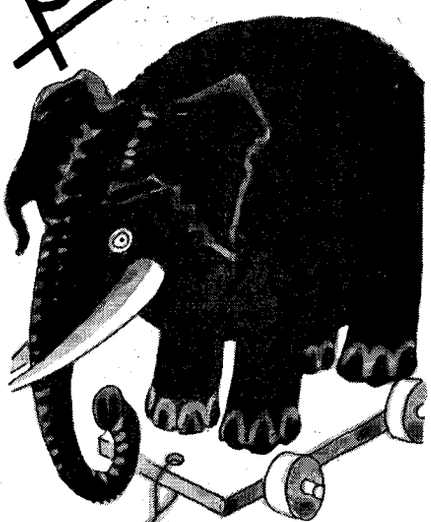
We understand that there is a strong and growing sentiment among the members of the National Council of Traveling Salesmen's Associations to unionize, unless they are given representation with employer and labor, and to go over to the American Federation of Labor.

●

The handwriting is on the wall. Whether business organizations can afford it or not, they will be compelled to find a way to pay adequately for the services of workers popularly supposed to wear "white collars." Otherwise it looks as though they may have to go out of business.

Many people were startled recently by reading of a worker's strike in a book publishing house. The strikers were not steel workers but typists, secretaries, and bookkeepers. They had active sympathizers among novelists

parents



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and poets who did picket duty for them. This little eruption in the dignified and peaceful atmosphere of book publishing houses indicates the state of mind among professional workers. It develops that there is an Office Workers Union with headquarters in New York City. Membership is not limited to clerks and secretaries but is open to and taken advantage of, so we are told by one of their organizers, by anyone employed in an organization, except the owners and their executive representatives. The Office Workers Union is divided into sections. The book publishing section, the department store section, etc. They have, we understand, only recently begun to organize the workers in the book publishing field, where they already have three publishing houses fully organized, including 150 members. They are finding a fertile field, they say, in the department stores in New York City.

The Office Workers Union is not connected with the American Federation of Labor, but is said to have Trade Union League affiliations. They are calling their first national convention for this fall. This organization, whose date of birth was February, 1928, has gathered momentum this past year, and now has branches in many parts of the country. Their aims include a minimum wage for office workers of $21 a week, a 35-hour week, and full equality of workers regardless of race, sex, color or creed. Numerically this group may not be important as yet, but they seem to have vitality, intelligence and courage. I think we are going to hear more from them

●

Talk of the Nation

(*Continued from page* 56)

erences to world movements and the follies of mankind. Disciples who have written about the *"Trattato"* recommend it to the reader, requiring only intelligence, patience and industry to get at its meaning. But it is not for the masses—definitely not. Pareto himself ignores them ostentatiously, addressing all his exhortations to the upper I. Q. levels, that one or two per cent of the population that really runs the world and says how it shall go.

In fact Pareto was pretty snobbish about his life work; he did not want it put into the hands of unworthy peo-

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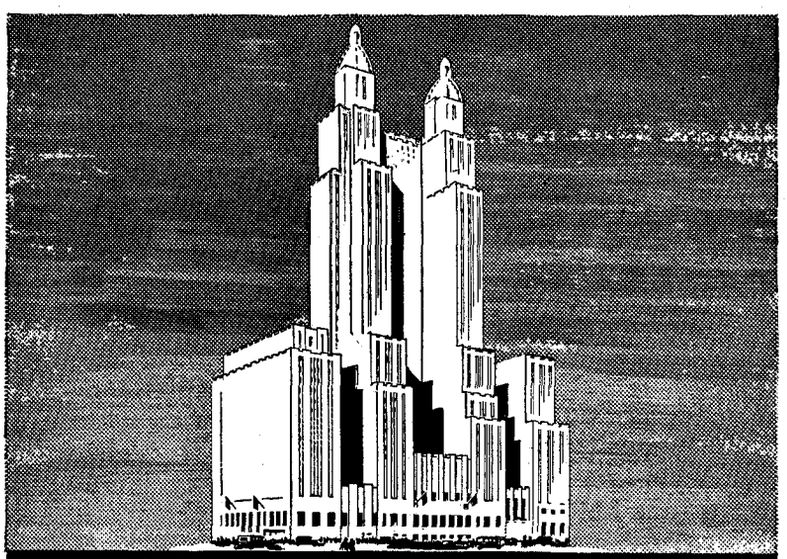

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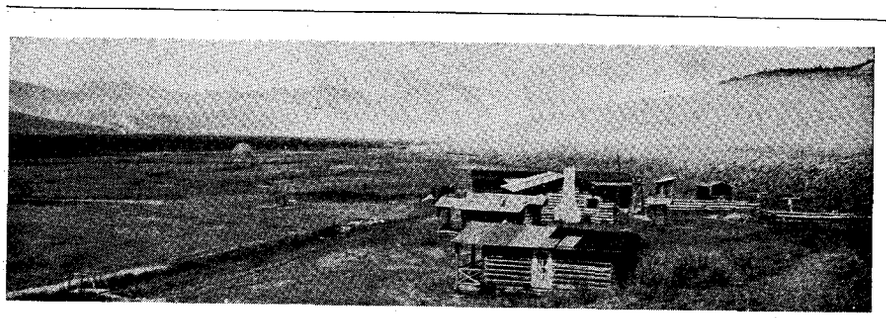

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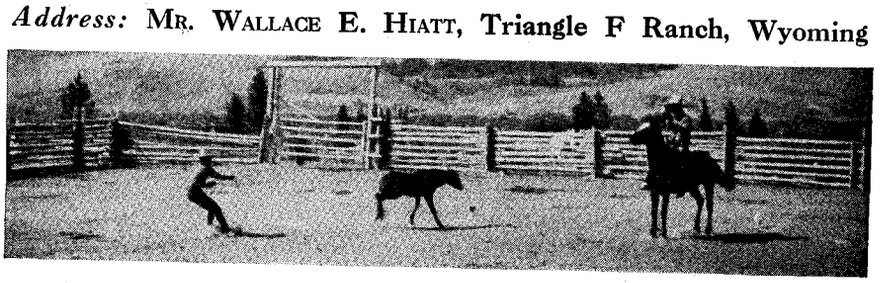

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ple. He felt that the great truths contained in it were dangerous to the common man, and should be reserved for the rulers who would apply them to an ignorant and degraded world. So far the masses have responded in the desired manner, and it is more than likely they will continue to do so.

Some world influence has already been exerted by Pareto's ideas, particularly by those on what he calls "the circulation of the elite." Mussolini, it is said, was turned from Socialism to Fascism by study of the work. *Volume IV,* the publishers boast, contains an exact prophecy of the Duce's rise to power and of the methods employed, though it was written in 1914. It is not explained whether Mussolini learned the fascist technique with castor-oil and wholesale terror from his mentor. Most likely not—the "Olympian Scholar" as the publishers affectionately refer to him, was undoubtedly too aloof for such details.

Briefly the *"Mind and Society"* sets out to tell us just what influence Thought and Sentiment have had on human history. Beginning with an enormous collection of historical facts of all kinds, Pareto deduces the astonishing conclusion that the power of Sentiment has been greater, of Thought less. *Volume II* reveals an easy way to tell the two apart. *Volume III* goes into this in more detail, with a handy guide for penetrating Sentiment's disguises. *Volume IV* sums up the whole business and advises the world on its future. According to this advice, the world should snap out of its democratic illusions and realize once and for all that there are and must be two classes, for ever and ever—a ruling and a subject class. Efficient conduct of society depends wholly on recognition of this fact, for, according to Pareto, the intellectual elite will always know how to rule. This elite may have to be ruthless and even unscrupulous in getting to power, but, provided they get there, almost any tactics are justified. The great philosopher, since he is against Sentiment, doesn't care what tactics are used. In the end of course it will be much better for the ruled, no matter how they are treated in the beginning, because the whole process is Natural, Right and Inevitable. And one supposes it will be better for the rulers too, since they will obviously take their just reward for a task well done.

That seems to be the main thesis, as well as it can be explained by disciples and publishers. The four volumes will appear some time within the next four or five months. The world that has waited so long will have to continue in patient expectation until then. Revelations of this cosmic character cannot be presented in a hurry. Pareto took more than twenty years to write them. The publishers have been on the job since 1926. Let us strive, then, to wait quietly until they come.

•

Photo

SINCE MARCH 4, 1933, the First Family has been anything but secretive or aloof about showing itself in the fullest possible public glare. None of them, down to Sistie, Buzzie and Scamper, has shirked the prime duty of being photographed in every conceivable attitude and in carrying out every conceivable task. It is one of the heaviest obligations of high position, and the people are and should be grateful it is carried out so unflinchingly.

Occasionally, however, there are times when a particular photograph doesn't reach the newspapers. Your column, with its ear close to the ground and nailed to every available keyhole, found out about one such just the other day. This one, while it doesn't concern the immediate First Family, does have to do with the closer of the White House circles—with the Number One Braintruster, in fact. It seemed the B. T. was having a little trouble with a Senate Committee, about a confirmation. Motoring outside of Washington one hot afternoon, his eye lit on a highway sign that seemed appropriate to the issue of the moment. He jumped out of the car and draped his arm affectionately over it, while an assistant snapped the camera. The sign said, in clear and bold letters, SLOW, GO RIGHT. He sent the picture to the President.

Author's Note

AMBROSE W. BENKERT, author of "The Gold Road to Recovery," is Chairman of the Board of "Brookmire, Inc.," an organization of administrative economists and investment counsel, organized in 1904 and serving outstanding banking, industrial and educational institutions in the United States and abroad. He is an Advisory Member of "The Committee for the Nation" and helped to formulate the Monetary Authority Bill.

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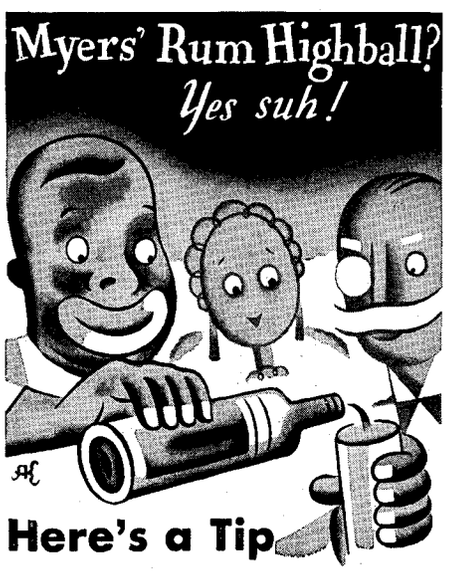

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New Deal Press Agents

(*Continued from page* 30)

Second, the Depression years forced many competent Washington newspapermen out of their old jobs and made them available for posts in the New Deal's publicity set-up; although some of the appointees resigned well-paid newspaper jobs to accept government posts at even more attractive salaries! Third, the intense national interest in the many confusing experiments of the Administration provided a logical excuse for the setting up of "emergency machinery to keep the nation informed." It is the general view that the "emergency" will become permanent!

There are more than 100 writers and literary research workers now on the job; and their subordinate staffs account for another 200. Some writers devote nearly all of their time to "ghosting" speeches, magazine articles or books for the principal "super-salesmen" of the New Deal. Quite obviously, such exponents of the Administration's policies as Rexford Guy Tugwell, Henry A. Wallace and others would find few moments to glance up from their literary laborings if the entire output linked with their names should come from their own pens. Wallace and Tugwell are as naturally prolific as any of the Roosevelt corps of super-salesmen, but their regular administrative duties could hardly permit them the time required for such extensive writing.

●

Wallace uses a dictaphone to record a brief outline of his ideas for speeches, articles and pamphlets, turning out a page or two in rather sloppy English, which is then turned over to a "ghost" who expands and polishes it for the Secretary's final consideration and signature. Russell Lord, a staff writer for *"Country Home"* who was active in the early stages of AAA publicity, did the literary embellishment of Secretary Wallace's now famous "America Must Choose." John R. Fleming, a nationally known agricultural writer and Assistant Director of Information in the Department of Agriculture, has been responsible for culturing some of the Secretary's other "germ-ideas" into full length manuscripts.

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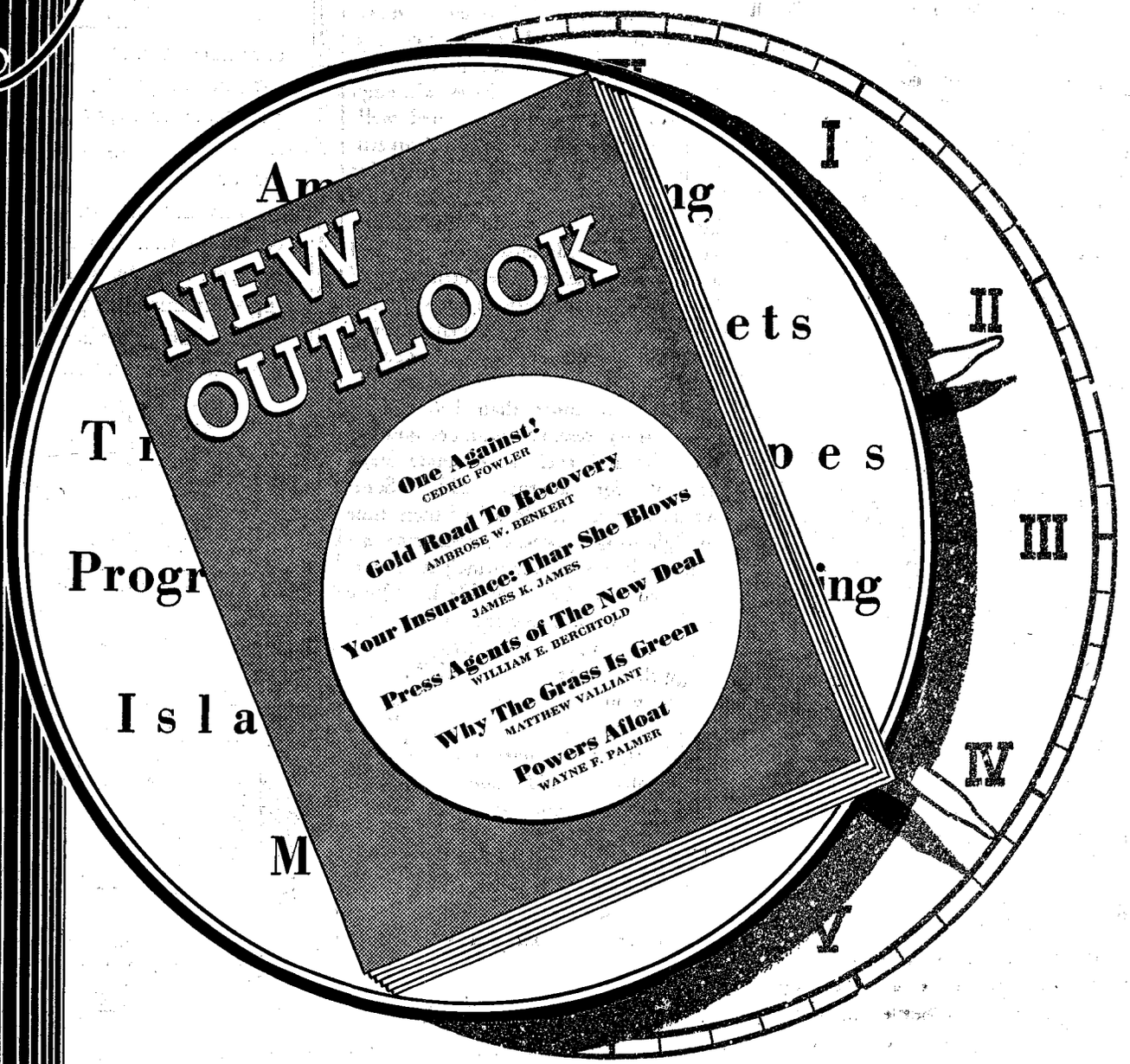

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Dr. Tugwell prefers to reverse the process used by Wallace, usually having some able young researcher such as Frederic P. Bartlett prepare the first draft. Dr. Tugwell then polishes the style and diction to meet his own rather flossy literary tastes. This Tugwellian interest in literary embroidery caused the editor of Dartmouth's student newspaper (certainly without knowledge of the composition method used) to head an editorial on the Brain Truster's address at Hanover with this succinct remark: "They Asked for Bread and He Gave Them Cake."

No previous Administration mastered the publicity technique sufficiently to get its story told by its own exponents, and make editors fight for the privilege of publishing the story at a price! That has been one of the high points of the New Deal's press agentry. The syndicated newspaper columns, magazine articles and books turned out by the Roosevelt supersalesmen during the last year have not only placed the New Deal's story before the public in a way which interviews and speeches could not do, but they have returned a sizeable income to those whose names are connected with such literary efforts.

The success of the New Deal press agents has emphasized the Executive's rise in public favor over that of Congress, which has become the butt of an increasing volume of pointed jests.

Nothing can be quite as damning to a Congressman's reputation back home as a literal quotation of remarks made extemporaneously on the floor of the House, if the orator is inept at formulating clearly the ideas and expressions he desires to use. Newsmen are usually charitable on such occasions, placing the perfectly phrased sentence in the solon's mouth; but occasionally the Congressman's actual mumblings are used to good advantage when there is a political bone to be picked. Then, too, Congressmen sometimes choose to delete caustic remarks hastily made against adversaries under protection of legislative immunity from libel suits. These remarks get out on the news wires and are printed, although they may be deleted from the permanent record in the light of cooler reflection. Representative Cannon (Dem.) of Missouri, who has frequently complained of the treatment accorded him by the press, demanded that Speaker Rainey invoke the recent

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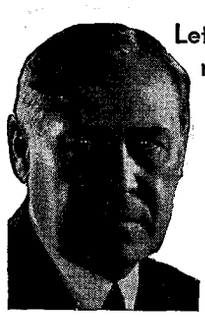

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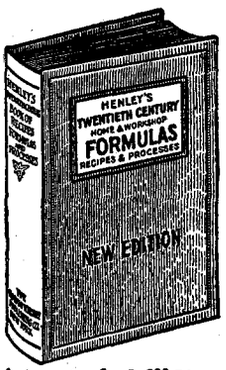

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ban on publication of speeches before "revision and extension." The Missouri Democrat had criticized a fellow Congressman, Representative John J. Cochran, but "revised" his remarks for the record by striking out some of the most caustic comments. Publication of his original remarks stirred his ire and resulted in the ban. Republican Congressmen called it a "censorship of the press" and protested the Speaker's action as "nothing more than an attempt to dictate what the press may say about the Democrats."

•

The New Deal press agents have saved the Administration from many potentially devastating attacks. As a case in point: the NRA was toying with the notion of endorsing the printing and distribution of more than 1,000,000 "Primers of the New Deal" to be used in public schools. The Primers had been prepared and considerable work on the project finished. Such a program would have been filled with political dynamite. Michelson the Trouble-shooter stopped it, and quickly put out a statement saying "The NRA is against use of the schools for propaganda purposes." As he said further in the statement: "It is, of course, very difficult to draw the line between forthright and implied propaganda." Michelson certainly ought to know!

•

The entire public relations project of the Administration is being carried out with such skillful subtileness that its broad significance is not widely recognized even in Washington. If the New Deal fails, it will not be for lack of having had its story told. Perhaps the only danger lies in the possibility that the seemingly prostrate G.O.P. Elephant, having viewed the proceedings thus far with pachydermatous indifference, may rise to do a bit of trumpeting in this manner: "It is an outrage that taxpayers' money should be used to provide the Democratic party with an invincible publicity machine within the federal government itself! Etc."

But the Press Agents of the New Deal have already developed a counter-attack to meet just such situations. It lies deeply entrenched in this frequently used device: *"Constructive* criticism is welcomed, all other criticism is the work of Propagandists!"

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